AVALON VENTURES LTD.
TSX-V: AVL

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

NEWS RELEASE

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Avalon Announces Results of Scoping Study on Thor Lake REE Resources

Avalon Ventures Ltd. TSX-V: AVL (the "Company") is pleased to announce the results of a Scoping Study (or "Preliminary Economic Assessment" in accordance with NI 43-101 terminology), (the "Study") on the rare metal resources delineated on its 100% owned Thor Lake project, located near Yellowknife, NWT. The Study was prepared by independent consultants, Wardrop Engineering Inc. ("Wardrop"). New NI 43-101 compliant mineral resource estimates for two of the six known mineralized zones at Thor Lake (Lake Zone and North T deposits), also prepared by Wardrop, were announced on January 22, 2007 and summary tables are reproduced for convenience at the end of this news release. The Study provides an initial development model and a preliminary economic analysis for the project based on the resource estimates for these two deposits.

The Study was commissioned by the Company in 2006 to evaluate the potential viability of recovering rare earth elements ("REE's") as a primary product from among many rare metals present in the resources known at Thor Lake. This was in response to growing demand for these elements in new environmental applications, especially from the automotive sector, where the REE's are vital to the new technologies developed for more fuel efficient ("hybrid") automobiles. Hybrid cars use rechargeable batteries along with electric motors and generators to power the car at low speeds and while idling, thereby reducing fossil fuel consumption and emissions of greenhouse gases. REE's are used in all three components but are most critical in the high-intensity permanent magnets which are key to making electric motors with the strength and efficiency required to power an automobile. Demand for hybrid cars is growing rapidly.

For an independent analysis of REE markets, complete with supply and demand forecasts, Wardrop relied on a recent research report produced by BCC Research ("BCC"), an industrial research firm based in Connecticut, USA. This report was purchased by the Company early in 2007 and provided to Wardrop as a basic reference. The BCC report forecasts growth in global demand for REE's arising mainly from the automotive sector, at a rate of 10% year over year until 2010 from approximately 100,000 tonnes in 2006 to over 150,000 tonnes by 2010 expressed as "TREO" (Total Rare Earth Oxides or the sum of all 14 REE's plus yttrium). During this period, primary supply sources located mainly in China are not expected to significantly increase production creating a growing supply-demand gap. As discussed below, this is already causing significant price increases for certain REE's such as neodymium, required for the magnet applications. This also creates opportunities for new primary suppliers to enter the market. Wardrop concludes that the REE resources at Thor Lake, while requiring significant further work to bring them to the feasibility level of analysis, represent an attractive potential development opportunity for the Company.

The development model utilized by Wardrop for the Study contemplates initiating production on the more advanced Indicated Resource in the North T deposit, then following depletion of that resource after approximately 4-5 years of operation, transitioning production to the much larger Inferred Resource in the Lake Zone deposit. In accordance with NI43-101, it must be stated that mineral resources that are not mineral reserves do not have demonstrated economic viability.

In the base case scenario, a conservative production rate of 500 tonnes per year (tpy) TREO was forecasted. Discounted cash flow analysis of this scenario using 2006 commodity prices and capital and operating costs as documented below, yields a positive result of a 18.7% return on investment ("ROI") and a net present value (NPV) of $111.5 million at a 5% discount rate and on a pre-tax basis over a mine life of 35 years. With the likelihood of significant growth in demand over the next 3-5 years for REE's as forecast by BCC, two other production scenarios were modeled with longterm production rates of 1000 tpy and 2000 tpy TREO, since the large size of the resource in the Lake Zone deposit could likely support a higher production rate if there is sufficient demand for the product.

At 2000 tpy, economies of scale lead to increased profitability with an ROI of 26.7% and an NPV of $356.1 million as documented below. An 18 year mine life was used in these scenarios to reflect the more rapid depletion of the resource at these production rates, although there is scope for expansion of the resource with further drilling. The economic analysis includes by-product credits for beryllium recovery from the North T deposit (it is not known to occur in the Lake Zone) plus by-product credits for tantalum and zirconium recovery from the Lake Zone (where they occur with the REE's), but does not include other potential rare metals products such as niobium, lithium or gallium.

Production Case tonnes per year Y+TREO	**ROI**	**NPV @ 5%**	**Mine Life (Years)**
North T + Lake Zone @ 500 tonnes / year	18.7%	111,574,000	35
North T + Lake Zone @ 1,000 tonnes / year	21.8%	159,180,000	18
North T + Lake Zone @ 2,000 tonnes / year	26.7%	356,104,000	18

The reader is reminded that in accordance with NI43-101, a preliminary economic assessment such as the foregoing includes Inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that this Preliminary Economic Assessment will be realized. In fact, it will almost certainly change as new information is generated on the mineral resources and processing methodology.

The capital cost estimate for the base case production scenario involving initial development of the North T deposit at a mining rate of 215,000 tpy followed by development of the Lake Zone with a mining rate of 429,000 tpy is $123.2 million spread over an 8 year period. Operating costs for the T Zone ores are estimated at $69.59 per tonne of ore milled, and a preliminary estimate for the Lake Zone ore, for which a flow-sheet has not yet been established, is $134.73 per tonne milled. The model assumes mining by open pit methods and processing of the ore on site to produce mineral concentrates by flotation methods. REE recoveries of 65.7% are assumed based on preliminary bench scale testwork but these have yet to be confirmed. The model further assumes construction of a plant at another site in Alberta with access to lower cost power, to process the REE mineral concentrates to produce individual rare earth oxide products to 99% plus purity levels. Beryllium concentrates would be sold to an existing processor.

The REE resources at Thor Lake are of significant current interest to the market because of their relatively high proportions of contained heavy rare earths such as terbium and dysprosium. These are in growing demand from the automotive sector but typically occur in very low concentrations in the majority of known REE deposits. The Lake Zone contains sub-zones enriched in an yttrium-tantalum-niobium oxide mineral called fergusonite which has high a proportion of heavy rare earth elements plus neodymium, according to the following proportional distribution:

Element	Y	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu
Oxide %	29.05	0.30	4.40	1.70	15.6	10.4	1.60	14.3	1.80	9.80	1.20	4.10	0.70	4.40	0.7

Y denotes yttrium, La=lanthanum, Ce=cerium, Pr=praseodymium, Nd=neodymium, Sm=samarium, Eu=europium, Gd=gadolinium, Tb=terbium, Dy=dysprosium, Ho=holmium, Er=erbium, Tm=thulium, Yb=ytterbium, and Lu=lutetium.

In the North T deposit, the principal heavy rare earth bearing mineral phase is xenotime, which has the following proportional distribution of REE's.

Element	Y	La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu
Oxide %	55.31	0.10	0.02	0.10	0.20	1.80	0.70	11.6	2.50	15.6	3.10	5.41	0.60	2.20	0.70

The price assumptions used by Wardrop for the REE oxides range from US$2.00 and 1.70/kg for lanthanum and cerium to US$20, $21, $120, and $500/kg for praseodymium, neodymium, dysprosium and terbium respectively, as at December 31, 2006. Recent price quotes for these elements as oxides on an FOB China basis, as reported on May 17, 2007 by Metal-Pages.com, are $1.70 and $1.20/kg for lanthanum and cerium respectively. The elements needed for the magnets including praseodymium, neodymium, dysprosium and terbium were quoted by Metal-Pages at US$29, $30, $85 and $575/kg respectively. Since most REE deposits have a distribution with >80% cerium plus lanthanum, these two REE's are now in oversupply as current REE producers seek to increase production of praseodymium and neodymium to meet the growing demand from magnet manufacturers. This underlines the need for new producers with mineral resources having an REE distribution which is more reflective of current market demand, such as that indicated for the xenotime and fergusonite at Thor Lake. A complete list of price assumptions used is provided in the Study.

The economic model tested by Wardrop envisions a 25% market share capture specifically for yttrium and the heavy rare earth elements such as terbium and dysprosium, an assumption based on the lack of a North American supply source and reduced supply from China (the present supplier of approximately 95% of world market demand) in response to growing domestic demand.

The results of the Study demonstrate that the Thor Lake REE project can achieve acceptable returns on invested capital and therefore warrants further investment to advance the project to a pre-feasibilty or feasibility level of analysis. Increased rates of return are achievable through any combination of higher prices, increased product sales, higher reserve grades or metal recoveries. Wardrop recommends that the Thor Lake project proceed to completion of at least a Pre-feasibility level analysis. The recommended work includes further drilling of the Lake Zone to better define REE resources to an Indicated level of confidence, metallurgical testwork on both the Lake Zone and North T REE mineralization, environmental studies, and continuing community engagement. The estimated minimum cost of this work program is $3.2 million with the work to be conducted in two phases beginning with a $1,200,000 summer drilling program anticipated to start in July, 2007, following receipt of requisite land use permits. Funding for the first part of this program is already in place.

The minimum $2,000,000 Phase II program budget involves further definition drilling of the Lake Zone, metallurgical testwork leading to pilot plant commercial testing, market and environmental studies, community consultation, engineering design and economic modeling. This would begin in January, 2008, subject to positive results from Phase I and arranging additional project financing.

Kevin Palmer, P.Geo. was the qualified person from Wardrop Engineering Inc. responsible for this resource estimation. Tim Maunula, P.Geo. of Wardrop Engineering reviewed his work and assisted with the development of the estimation parameters. Paul Franklin, P. Eng. and Peter Broad, P.Eng. were the engineers responsible for the developing the capital and operating cost estimates and the economic models. David L. Trueman, Ph. D., P.Geo., who has direct experience with the project dating back to 1983, reviewed all the data on behalf of the Company and contributed to the interpretation and market analysis where requested by Wardrop. The full Study will be accessible on SEDAR and the Executive Summary will be available on the Company's website.

North T Zone: Summary of Indicated Mineral Resources

SUBZONE	CUTOFF %	TONNES	TREO + Y2O3%	BeO%	Nb2O5%
C,D,E	0.40 BeO	498,409	0.72	0.98	0.50
F	0.10 Ce2O3	43,877	6.50	0.16	0.01
Y	0.04 Y2O3	593,815	0.45	0.08	0.59
TOTAL		1,136,101	0.71	0.48	0.53

Lake Zone: Summary of Inferred Mineral Resources

CUTOFF%	TONNES	TREO+Y2O3%	Ta2O5%	Nb2O5%	ZrO%
0.10 Y2O3	14,005,000	1.23	0.025	0.33	1.73
0.05 Y2O3	83,224,000	0.99	0.025	0.31	1.96
0.01 Y2O3	375,410,000	0.41	0.014	0.22	1.19

TREO + Y2O3 = the sum of all rare earth oxides plus yttrium oxide

BeO = beryllium oxide, Ta2O5 = tantalum oxide, Nb2O5 = niobium oxide ZrO = zirconium oxide

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 the pre-feasibility or 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: 51,685,123. Cash resources: $2.7 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 preparation 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.