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NEWS RELEASE

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Remaining assays from Phase 2 winter drilling produce most encouraging results to date from the Lake Zone REE deposit, Thor Lake, NWT.

Avalon Ventures Ltd. TSX: AVL (the “Company”) is pleased to announce the assay results from the remaining twelve holes from the Phase 2 winter drilling program on the Lake Zone Rare Earth Element (“REE”) deposit (Table 1). The deposit is located on the Company’s 100% owned Thor Lake Rare Metals project, 100km southeast of Yellowknife, NWT. The highlights from these results were from Holes L08-97 and L08-98 located in a previously untested area in the southern part of the deposit. These two holes produced some of the broadest intervals of the more valuable heavy rare earth element (“HREE” consisting of europium through lutetium plus yttrium) enriched mineralization yet discovered in the Lake Zone deposit.

Hole L08-98 intersected **48.0 metres averaging 1.57% TREO** (“Total Rare Earth Oxides”) **with 21.5% HREE**(oxide form) including **14.00 metres averaging 2.03% TREO with 28.6% HREE**. Further the complete mineralized interval from 4.10 to 159.0 m in this hole assayed 0.99% TREO **averaging a remarkable 16.4% HREE over the entire 154.90 metre mineralized core length**. Hole L08-97 intersected **20.0m of 2.02% TREO** in the Basal Zone containing **21.2% HREE** including **10.00m of 2.77% TREO with 22.5% HREE**. These intervals are believed to approximate true thicknesses (Table 2). Hole L08-92 contained a narrower but much richer interval of Basal Zone mineralization assaying **5.07% TREO with 23.7% HREE over 2.80m**.

Hole L08-98 was located the furthest south of any of the holes drilled to that date in the deposit, extending the known resource into this area and implying that the Basal Zone remains open to the south beyond the previously interpreted limits of the Lake Zone deposit and appears to be wider in this area. As note that in the Company’s news release dated June 25, 2008, drill hole L08-89 had similarly high values and was the furthest west of any drill holes to date (older drill holes in the same area were too shallow to reach the economically-important Basal Zone). This area to the south has been tested with five additional drill holes over the past few weeks (assays pending) and further drilling is planned to better define this new area high-grade REE mineralization.

Individual values for some of the high demand HREE in the Basal Zone intersection in Hole L08-92, quoted above, were **276 ppm terbium (Tb) oxide, 222 ppm europium (Eu) oxide and 1461 ppm dysprosium (Dy) oxide over 2.80 metres** (Table 3, 100ppm = 0.1 kg/t). Recent bid prices for these oxides as reported for July 29, 2008 by Metal-Pages.com on an FOB China basis as: US\$720/kg Tb, US\$470/kg Eu and US\$113/kg Dy compared to just US\$4.70/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. The same intercept had an analysis of 7411 ppm lanthanum oxide, which Metal-Prices reports a bid price of \$8.90/kg and 8579 ppm neodymium oxide, a light rare earth element also in high demand for magnet applications, that is currently quoted at US\$30/kg on a bid FOB China basis.

The Company has contracted with Wardrop Engineering to produce a new 43-101 compliant resource estimate for the deposit based on all the drilling completed since last summer, up to and including, hole L08-98. This new resource estimate is expected to be ready by early September.

Meanwhile, drilling on the southern part of the deposit resumed on June 22, 2008 after a brief hiatus for spring break-up and since then, 13 more holes have been completed including the 5 mentioned above). The current program will include in-fill holes to increase certainty in the resource, with the objective of defining indicated resources, and a number of step-out holes to test for extensions to the high grade mineralization in the southern and eastern parts of the Basal Zone and map the limits of the deposit.

Metallurgical testwork program update

As reported previously, a detailed drilling program involving 11 holes totalling 2277 metres was undertaken in May, for the primary purpose of collecting a 1600 kg bulk sample for metallurgical testwork. Processing of this sample commenced recently, and involves mineral separation studies, followed by flotation tests, so as to produce a saleable rare earth element rich mineral concentrate. This work will be followed by hydrometallurgical testing for recovery of individual rare earth element oxides. The full metallurgical test program is expected to take about 5 months to complete and is being conducted by SGS Lakefield Research.

The metallurgical testing was preceded by QEMSCAN microprobe and conventional mineralogical studies of all the ore types present, focusing on the Basal Zone with the higher HREE values. This work is providing valuable information on the mineral species present, any interlocking relationships, and grain sizes, which are critical for the subsequent flotation testing.

The principal HREE bearing mineral phases in the Basal Zone have been confirmed as fergusonite, an yttrium, niobium, tantalum oxide mineral and zircon, a zirconium 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. **For example, the 2.8 m intercept of Basal Zone in L0-92 averaged 15,351 ppm niobium oxide and 1390 ppm tantalum oxide, along with 67,550 ppm zirconium oxide and 109 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 average 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 to 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.Geol., Senior Geologist. The Company's Vice-President, Exploration, Dr. William Mercer, Ph.D., P.Geol. 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 \$11.5 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.Geol. 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

DDH	E (NAD83)	N (NAD83)	End of Hole (m)	Cumulative (m)	Dip	Azimuth
L08-80	416535	6886820	173.9	2921.9	-90	360
L08-81	416935	6886770	173.9	3095.7	-90	360
L08-86	416535	6886970	213.5	4065.3	-90	360
L08-87	416385	6886970	180.0	4245.2	-90	360
L08-88	416235	6886820	189.1	4434.3	-90	360
L08-92	416535	6886595	228.8	5282.2	-55	360
L08-93	416535	6886750	164.7	5446.9	-55	180
L08-94	416535	6886720	198.3	5645.2	-90	360
L08-95	416800	6886970	189.1	5834.3	-90	360
L08-96	416800	6886820	183.0	6017.3	-90	360
L08-97	417135	6886220	192.2	6209.2	-90	360
L08-98	417135	6886110	237.9	6447.1	-90	360

Note: Northing and Easting coordinates are in NAD83 (Zone 12) in meters.

(ab) = abandoned

Drill holes surveyed by hand held GPS.

Table 2: Lake Zone Drill Hole TREO Assay Summary

Drill Hole		Zone	From (m)	To (m)	Width (m)	TREO+Y (%)	HREO (%)	HREO as percent of TREO
L08-80		Complete interval	9.00	109.00	100.00	0.91	0.09	9.9%
L08-80	incl		9.00	10.75	1.75	2.32	0.15	6.4%
L08-80	and		30.70	48.15	17.45	1.83	0.16	8.5%
L08-80	and		60.90	66.50	5.60	1.40	0.12	8.5%
L08-80	and		69.70	76.00	6.30	1.16	0.09	7.8%
L08-81		Complete interval	13.35	104.90	91.55	1.19	0.17	14.6%
L08-81	incl		13.35	15.90	2.55	1.17	0.09	7.6%
L08-81	and		30.35	43.10	12.75	2.59	0.26	9.9%
L08-81	and		60.50	65.80	5.30	1.72	0.20	11.4%
L08-81	and	Basal Zone	93.00	104.90	11.90	1.76	0.45	25.6%
L08-86		Complete interval	16.90	57.70	40.80	1.07	0.10	9.4%
L08-86	incl		16.90	24.15	7.25	2.05	0.16	7.8%
L08-86	and		33.15	50.25	17.10	1.19	0.11	9.7%
L08-87		Complete interval	15.00	130.00	115.00	1.18	0.16	13.7%
L08-87	incl		15.00	41.00	26.00	2.07	0.18	8.6%
L08-87	and	Basal Zone	103.00	130.00	27.00	1.47	0.36	24.8%
L08-87	incl		111.00	127.10	16.10	1.77	0.51	29.0%
L08-88		Complete interval	15.40	163.80	148.40	1.26	0.15	11.7%
L08-88	incl		15.40	31.00	15.60	1.65	0.16	9.8%
L08-88	and		60.00	85.00	25.00	2.39	0.21	8.9%
L08-88	and		58.00	117.70	59.70	1.58	0.15	9.2%
L08-88	and	Basal Zone	147.00	163.80	16.80	1.71	0.37	21.9%
L08-92		Complete interval	34.00	199.80	165.80	0.74	0.08	11.0%
L08-92	incl		34.00	50.00	16.00	1.65	0.15	8.8%
L08-92	and		67.00	74.00	7.00	1.72	0.16	9.4%
L08-92	and		93.30	126.70	33.40	1.11	0.10	9.3%
L08-92	and		123.00	126.70	3.70	2.68	0.19	7.2%
L08-92	and	Basal Zone	197.00	199.80	2.80	5.07	1.20	23.7%
L08-93		Complete interval	14.00	151.00	137.00	0.62	0.05	8.7%
L08-93	incl		75.50	101.00	25.50	1.88	0.15	8.2%
L08-93	and	Basal Zone	141.00	151.00	10.00	0.88	0.11	12.2%
L08-94		Complete interval	87.25	155.25	68.00	0.95	0.15	16.0%
L08-94	incl		87.25	93.50	6.25	1.86	0.16	8.6%
L08-94	and	Basal Zone	134.00	155.25	21.25	1.77	0.36	20.1%
L08-95		Complete interval	5.70	84.70	79.00	1.13	0.13	11.2%
L08-95	incl		5.70	14.00	8.30	1.34	0.08	5.8%
L08-95	and		42.00	66.00	24.00	1.62	0.16	9.7%
L08-95	and	Basal Zone	74.00	84.70	10.70	1.48	0.32	21.3%
L08-96		Complete interval	21.65	104.00	82.35	0.72	0.08	11.6%
L08-96	incl		21.65	32.20	10.55	1.30	0.10	7.8%
L08-96	and		91.15	94.85	3.70	1.41	0.17	11.9%
L08-96	and	Basal Zone	99.70	104.00	4.30	1.75	0.41	23.3%
L08-97		Complete interval	11.00	145.00	134.00	1.23	0.17	13.4%
L08-97	incl		17.20	42.40	25.20	1.34	0.17	12.4%
L08-97	and		72.00	80.00	8.00	2.28	0.18	8.0%
L08-97	and	Basal Zone	125.00	145.00	20.00	2.02	0.43	21.2%
L08-97	incl		133.00	143.00	10.00	2.77	0.63	22.5%
L08-98		Complete interval	4.10	159.00	154.90	0.99	0.16	16.4%
L08-98	incl		37.50	72.95	35.45	1.32	0.18	13.5%
L08-98	and	Basal Zone	111.00	159.00	48.00	1.57	0.34	21.5%
L08-98	incl		139.00	153.00	14.00	2.03	0.58	28.6%

Notes: HREO includes yttrium. Metal to Oxide conversion factors provided at:
http://www.avalonventures.com/projects/rare/thor_lake/

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
L08-80	30.70	48.15	17.45	666	3,767	75.4	43.6	153
L08-81	93.00	104.90	11.90	2,333	3,171	93.0	109.1	565
L08-86	16.90	24.15	7.25	668	4,220	78.5	43.4	147
L08-87	111.00	127.10	16.10	2,752	3,078	93.5	125.9	677
L08-88	147.00	163.80	16.80	1,948	3,293	90.1	95.9	465
L08-92	197.00	199.80	2.80	6,485	8,579	222.5	276.0	1,462
L08-93	75.50	101.00	25.50	672	3,875	74.1	41.8	154
L08-94	134.00	155.25	21.25	1,845	3,282	82.6	87.6	445
L08-95	74.00	84.70	10.70	1,705	2,783	71.8	73.3	356
L08-96	99.70	104.00	4.30	2,212	3,162	79.9	91.5	492
L08-97	133.00	143.00	10.00	3,220	5,019	136.7	150.2	781
L08-98	139.00	153.00	14.00	3,123	3,443	97.0	125.9	722

Notes:

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

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
L08-80	30.70	48.15	17.45	3,909	257.8	156.8	32,918
L08-81	93.00	104.90	11.90	4,724	469.6	112.3	41,469
L08-86	16.90	24.15	7.25	4,606	260.2	173.4	43,613
L08-87	111.00	127.10	16.10	4,511	442.1	101.9	39,469
L08-88	147.00	163.80	16.80	4,680	469.1	104.1	40,606
L08-92	197.00	199.80	2.80	15,351	1390.7	109.0	67,550
L08-93	75.50	101.00	25.50	4,296	239.5	147.8	35,413
L08-94	134.00	155.25	21.25	4,784	483.3	114.0	32,328
L08-95	74.00	84.70	10.70	4,704	490.0	133.5	36,658
L08-96	99.70	104.00	4.30	4,617	452.4	137.9	33,196
L08-97	133.00	143.00	10.00	6,493	605.3	125.2	52,811
L08-98	139.00	153.00	14.00	5,588	504.5	102.6	42,171

Notes:

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