



PRESS RELEASE

13 May 2010

Avannaa Resources to drill for diamonds on Qeqertaa Island and explore for gold in Disko Bay, West Greenland

Avannaa Resources Ltd (“Avannaa”) will operate 1000 m of drilling and collect a 50 tonne bulk sample at its diamond discovery on Qeqertaa island in the Disko Bay region of West Greenland. In parallel with this activity Avannaa will also conduct an extensive prospecting programme at its Disko Bay gold project.

Qeqertaa Diamond

Avannaa has expanded its diamond project on the Qeqertaa ultramafic lamprophyre dyke in license 2007/52. The encouraging result from the caustic fusion test of a 435kg bulk sample collected in 2008 (yielding 1487 diamonds, of which 35 were macro diamonds) was followed by the collection of one 10 tonne and one 3 tonne sample which were shipped to SGS Lakefield, Canada for DMS test. After running the 3t test sample it became apparent that the unusual composition of the Qeqertaa dyke (containing >20% metamorphic magnetite) required special treatment and the DMS processing was replaced by a series of magnetic separation stages that proved extremely efficient on this rock. The 10t bulk sample yielded 32 diamonds larger than 0.85mm of which four were sitting on the 1.7mm screen. The largest stone measures 2.5x2.3x2.0mm and a high proportion of the stones are colourless and octahedral. The results are tabulated below.

Table 1. Diamond recovery Qeqertaa. All samples analysed by SGS Lakefield.

year	sample ID	sample kg	screen size mm									total
			0.106	0.15	0.212	0.3	0.425	0.6	0.85	1.18	1.7	
2007		39	44	34	11	12	1					102
2008	252547	433	688	451	215	98	25	7	3			1487
2009	DMS-01	10,183						5	16	12	4	37

The variation in width along strike of the Qeqertaa dyke (Dyke 1) was determined by a detailed ground magnetic geophysical survey in June 2009, demonstrating the Qeqertaa dyke to have width between 4 and 10m and to be consistent along >2000m strike length. The ground magnetic survey also confirmed the presence of a second, unexposed dyke (Dyke 2), with a strike length of nearly 3000m. In the coming field season, Avannaa will collect and process a 50t bulk sample of dyke 1 and will test both the thickness variation of Dyke 1 and the unexposed Dyke 2 by drilling and by caustic fusion diamond test on drill core. For this purpose, about 1000m of diamond drilling in 16 short holes has been planned for the month of July 2010.

Disko Bay gold

Since 2009 Avannaa Resources has focused its exploration programmes at Disko Bay on gold mineralizations in the Archaean Ataa greenstone belt.

During 2009, the main effort was directed towards Eqi, which is situated at the edge of the icecap, only 5km from a deep fjord and in gentle terrain. In August 2009 Avannaa conducted a comprehensive soil sampling program and a series of channel and chip-lines across a series of extensively carbonate-potassium-altered mafic lavas. One >100m long continuous chip-line in the northern part of the Trouser Lake area returned gold values of 1.2g/t over 16m and 1.2g/t over 10m. Chemistry on more than 400 soil samples, collected in a 25 and 50m grid, reveals a number of gold anomalous areas. One area exceeds 500m in length and 200m in width, is open to the south and has elevated gold values in the range 50-200ppb with peaks at 2 g/t and 5g/t Au.

In 2010 Avannaa's field program will employ combinations of surface exploration techniques with the aim of defining drill targets for 2011.

Chairman Hugh Mackay said "2010 represents a significant step forward in our company's development and confirmation that our strategy is delivering results. We are pleased to have advanced our diamond project to the point where drilling is justified. We will also conduct a thorough investigation of the potential of Disko Bay to host a substantial gold deposit. In parallel with these projects we have other grass roots exploration initiatives in progress and we will make further announcements regarding expansion of our portfolio over the coming months."

The Qualified Person for the purpose of this news release is the Company's consulting geologist John Pedersen, M.Sc, P.Geo.

About Avannaa Resources

Avannaa Resources is a mineral exploration company founded in 2006 in the UK. Avannaa's primary geographical focus is Greenland. Commodity targets include precious metals, base metals, diamonds and rare earth elements.

Avannaa Resources Ltd. is the holding company for two 100% owned subsidiary companies: Avannaa Exploration Ltd. and Avannaa Diamonds Ltd.

Avannaa Exploration holds seven exploration licenses: 2007/08 and 2010/05 in the Karrat Isfjord region (gold, REE), 2008/27 at Saqqaq/Itilliarsuk (gold), 2007/52 at Disko Bay (diamonds), 2010/20 at Flammefjeld (molybdenum, gold), 2010/31 at Nuussuaq (zinc) and 2010/32 at IC Christensen land (copper). Avannaa Diamonds holds one exploration license; 2008/33 at Ataa (diamonds, gold).

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