



PRESS RELEASE

8 November 2010

Avannaa Resources reports drill results from its rare earth element deposit at Karrat Isfjord, West Greenland

Avannaa Resources Ltd ("Avannaa") has completed a large programme of field work on its rare earth element deposit in license 2010/05 in the Karrat Isfjord region of West Greenland. Work during May and June 2010 included 1740 m of diamond drilling in 10 holes at two localities.

The results confirm the 2007 rare earth element (REE) discovery at the Niaqornakavsak peninsula (NIAQ) and the 2009 discovery at the Umiamako Nuna peninsula (UMIA). The NIAQ discovery hosts tens of million tonnes. Core analysis indicated that the total rare earth oxide plus yttrium oxide (TREO+ Y) is an average of 1.02 wt% of which heavy rare earth oxide plus yttrium oxide (HREO+Y) accounts for 12.8%.

NIAQ is located directly on the coast in central West Greenland on the island of Qeqertarsuaq. It is 21 km from the village of Nugatsiaq, 90 km from the historic Black Angel mine at Marmorlik and 190 km from the town of Uummannaq. NIAQ enjoys easy access by boat and the drill operation was supported by helicopter.

Work in 2010 on the NIAQ deposit included diamond drilling of 8 holes for a total of 1320 m and the collection of 10 mini-bulk samples. The REE mineralization is a lithologically distinct horizon of banded carbonates hosted in an amphibolite unit of the Paleoproterozoic Karrat Group. The REE horizon is an east-west striking planar body, conformable to the regional foliation and dips south at an angle of 32 degrees. Strike length is 1.5 km and is open at both ends where it is limited by the coastline. Maximum elevation of the ore body is 56 m above sea level and the deepest drill penetration of the ore body was to 168 m below sea level. The shape of the body is approximately tabular and core data suggests it pinches and swells with a true thickness between 10.3 m and 32.5 m. TREO+ Y typically varies between 0.8 wt% and 1.5 wt% with some layers giving up to 1.9 wt% and the average being 1.02 wt%. The proportion of HREO+Y content varies from 5.3% to 30.2% with the average being 12.8%. REE are mainly hosted by bastnaesite, monazite, allanite and other REE silicates. Within the area of drill intersections and surface exposure the body contains tens of million tons, with a substantial amount accessible to open pit mining.

The priority for current and future work is metallurgical analysis and flowsheet development using about 1 tonne of rock collected from a series of representative surface samples spanning the mineralized horizon. In parallel with this activity Avannaa is addressing commercialization of this project and has begun a preliminary open pit scoping study to engage in discussions with end users.

Core analysis was conducted by ALS Chemex in Sweden and Vancouver. Summary results of their analysis of the eight cores from NIAQ are presented in table 1 below.

Hole	Dip/ Azimuth	From (m)	To (m)	Interval (m) down hole	TREO+ Y ₂ O ₃ %	THREO+ Y ₂ O ₃ %	true thickness (m)**
NIAQ 001*	015°/- 90°	90.3	113.3	23.0	0.88	0.11	12.2
NIAQ 002	015°/- 49°	64.0	95.0	31.0	1.04	0.14	30.3
NIAQ 003	030°/- 49°	55.0	83.5	28.5	1.03	0.15	26.7
NIAQ 004*	030°/- 90°	63.0	99.0	36.0	0.82	0.10	19.1
NIAQ 005	210°/- 60°	142.0	211.5	69.5	0.92	0.11	32.5
NIAQ 006	015°/- 45°	70.0	84.0	14.0	1.11	0.14	13.5
NIAQ 007*	015°/- 90°	83.0	102.5	19.5	1.12	0.15	10.3
NIAQ 008	195°/- 60°	137.0	198.0	61.0	1.03	0.13	28.5

* Intersection SG corrected

**based on 109°/32°

Table 1. NIAQ core summary

The UMIA body lies 7 km to the east of, and along strike from, the NIAQ site. Two holes (in total 420 m), 3 mini-bulk samples and 347 channel samples were collected here. Summary results are presented below in table 2. It is not possible to estimate true thickness at present due to uncertainties in the shape of the layer.

Hole	Dip/ Azimuth	From (m)	To (m)	Interval (m) down hole	TREO+ Y ₂ O ₃ %	THREO+ Y ₂ O ₃ %
UMIA 001	015°/- 90°	0	8.0	8.0	0.73	0.09
UMIA 002	033°/- 45°	0	10.0	10.0	0.58	0.08
UMIA 002	033°/- 45°	95.0	101.0	6	0.73	0.12

Table 2. UMIA core summary

Avannaa Chairman Hugh Mackay will present further information about Avannaa's REE deposit at the 6th International Rare Earths Conference in Hong Kong on 9 – 11 November 2010 and at the a workshop organized by the Geological Survey of Denmark and Greenland in Copenhagen on 30 November to 2 December 2010.

2010 field work on the Karrat license was performed under the supervision of Johan Ditlev Krebs. 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).

For further information contact:

Chairman

Hugh Mackay tel +44 7771 660539

CEO

Nicholas Rose tel +45 33 34 70 06

info@avannaa.com

www.avannaa.com