



PRESS RELEASE

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Avannaa Resources discovers a new diamond province at Disko Bay, West Greenland

Avannaa Resources Ltd ("Avannaa") founded in 2006 with a focus on grass roots exploration in Greenland is pleased to announce that its 2007 field season has discovered the presence of a diamond province at Disko Bay, West Greenland.

During the 2007 field season some 30 man weeks were spent conducting detailed fieldwork in Avannaa's Karrat Gold and Disko Bay Diamond projects in West Greenland as well as general prospecting in other selected sites in West Greenland. The work consisted of geological sampling, stream sediment sampling, surface mapping and preparatory work for a major bulk sampling programme in 2008.

The most significant result was the discovery of one macrodiamond and 101 microdiamonds from a 39 kg kimberlite sample collected from Avannaa's licence area at Disko Bay.

The findings will be followed up in 2008 by larger bulk samples of the diamondiferous dyke, and of regional prospecting for other dykes and plugs of kimberlitic affinity in the basement rocks to the east of Disko Bay, where a newly created subsidiary company, Avannaa Diamonds Ltd., has applied for an exclusive licence to pursue the diamond potential in kimberlites in the region.

In addition to the kimberlite diamond target the region also contains an alluvial diamond target and an evaluation programme of this target will commence in June 2008.

The Disko Bay dyke was identified as having diamond potential through a study of its xenolith assemblage, which is dominated by a number of high-Mg# dunites and altered garnet bearing dunites, with one unaltered garnet of G9 composition. The 39kg sample was analysed for its diamond content by SGS Lakefield, Canada, and yielded 102 diamonds with a total weight of 0.013 carat. One stone can be characterized as a macrodiamond with dimensions of 0.83x0.66x0.53mm, translucent and white with graphite inclusions, while the remaining 101 stones are all microdiamonds (see Table 1). In terms of colour, 95 stones are white and 7 are off white, and for clarity, 62 stones are transparent and 60 translucent. The majority of the stones (76) are crystal fragments suggesting a high probability that larger stones are present. Graphite inclusions are present in 90 stones.

Table 1 Diamond size distribution in sample #252523 (caustic fusion test)

Sample weight	+0.425 mm	+0.300 mm	+0.212 mm	+0.150 mm	+0.105 mm	Total
39 kg	1	12	11	34	44	102

The dyke is situated on a small island and represents one of many dykes of kimberlitic-lamproitic affinity of presumed Proterozoic age, found in the eastern Disko area, north of the town of Ilulissat. The geology of the region is dominated by late Archaean gneisses and tonalite/granodiorite intrusions and enclaves of Archaean supracrustal belts.

The alluvial diamond target is located in the river gravel of the Cretaceous Atane Formation in eastern Disko and southern Nuussuaq. Microdiamonds were previously identified in these sediments in 2005-6 by scientists from the Geological Survey of Denmark and Greenland (GEUS).

To process the sands and gravels on its alluvial diamond project Avannaa has acquired a light modular plant specially designed for the Atane Formation sediments by Gekko Systems, Australia. This includes a 2 ton/hr in line pressure jig (IPJ600) equipped with a 5 ton/hr feed trommel and concentrate sorting screens. A high capacity vibrating grease table, with a pre-cleaning scrubber, designed for Avannaa by Gondwanaland Diamonds (South Africa), will make a final processing of the concentrate before delivery to SGS Lakefield for diamond identification and characterization. The combined processing plant will allow recovery of 0.6 to 12 mm diameter diamonds. The program, starting in June 2008, will process some 500 tons of gravel/sand.

Exploration Director Stefan Bernstein said:

“The discovery of kimberlite hosted diamonds by Avannaa together with the discovery of placer diamonds by GEUS confirms the presence of a new diamond province in the Disko Bay region. This is a part of Greenland that has been largely ignored by commercial explorers who have primarily focused on the Sarfartoq-Maniitsoq belt lying 300-400 kilometers to the south. During the 2008 field season we will perform a substantial programme of work to further evaluate the diamond potential in the Disko Bay region.”

CEO Nicholas Rose commented:

“We are delighted with the results of our first field season. In addition to confirming the prospectivity of our existing licences we have also identified new targets resulting in further expansion of our portfolio. By summer 2008 we anticipate holding four licences in West Greenland, covering more than 3000km² and containing some eight exploration targets. In addition to maturing our existing portfolio in West Greenland we will continue our strategy of seeking high impact grass roots exploration projects in areas that have been underexplored by the mining industry.”

Notes to Editors

Avannaa Resources is a privately owned junior mining exploration company founded in 2006 in the UK. Avannaa's primary focus is grass roots exploration in Greenland. The founders of Avannaa have been involved in exploration in Greenland since 1982 and have special knowledge of the geology and opportunities in Greenland. Avannaa's strategy is to exploit its expertise to build and mature an exploration portfolio and to bring in development partners for production.

Avannaa Resources Ltd. is the holding company for two 100% owned subsidiary companies: Avannaa Exploration Ltd. and Avannaa Diamonds Ltd. Avannaa Exploration holds two licences in West Greenland: 2007/08 at Karrat Fjord region and 2007/52 at Disko Bay, prospective for gold and diamonds respectively. Avannaa Exploration has a third exploration licence under application, 2008/28 at Saqqaq on the Nuussuaq peninsula, which is prospective for gold. Avannaa Diamonds has applied for a fourth licence, 2008/33 at Ataa, located in the eastern Disko area, this licence is prospective for diamonds.

Avannaa Resources has offices in Copenhagen and London.

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