



PRESS RELEASE

15 July 2008

Avannaa Resources closes £0.5 million financing

Avannaa Resources Ltd ("Avannaa") has successfully completed a fully subscribed financing round with existing and new investors raising £504,733 to pursue its exploration projects in Greenland.

A total of 186,938 ordinary shares were issued at a price of £2.70 raising a total of £504,733. In addition Avannaa granted one warrant for every two Offer Shares subscribed by investors under the Offer. Each warrant entitles the holder to subscribe for one new Ordinary Share at a price of £3.50 within the period of 24 months from the closing date.

The funding round was in response to Avannaa's diamond discovery in Disko Bay, West Greenland during the 2007 field season and associated additional work programme required to evaluate this potential new diamond province and portfolio expansion to include the Itilliarsuk iron project and Saqqaq gold project.

Chairman Hugh Mackay said:

"We are delighted to have completed our Round 1 financing both fully subscribed and ahead of schedule. We are pleased at the strong response from our original investors and extend a warm welcome to our new investors. The funding has enabled Avannaa to undertake a comprehensive field programme in summer 2008; the results from which will provide the basis for a larger financing round in Q4 2008 when we will seek funding to take one or more of our projects to the pre-feasibility stage."

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 three licences in West Greenland: 2007/08 at Karrat Fjord region, 2007/52 at Disko Bay and 2008/27 at Saqqaq/Itilliarsuk. These licences are prospective for gold, diamonds, REE and iron. Avannaa Diamonds has holds licence 2008/33 at Ataa, located in the eastern Disko area, this licence is prospective for diamonds and Ni/PGE. Avannaa's portfolio contains nine commodity targets.

Avannaa Resources has offices in Copenhagen and London.

For further information contact:

info@avannaa.com
www.avannaa.com

Aquila Financial Ltd
www.aquila-financial.com

Peter Reilly tel +44 (0) 118 979 4100