



PRESS RELEASE

8th December 2008

Avannaa Resources confirms gold potential at Saqqaq, West Greenland and discovers new rare earth element deposit

Avannaa Resources Limited (Avannaa) is pleased to announce that the results from its 2008 field programme indicate a substantial footprint of gold prospective rocks at Saqqaq of around 20 square kilometres meriting further exploration. In addition, Avannaa has discovered a new rare earth element deposit on the west coast of Greenland.

Saqqaq: Avannaa has completed a review of historical data from the Saqqaq gold prospect in West Greenland and incorporated results from its own 2008 field programme to conclude that the project merits continuation to the next exploration phase, which will consist of mini-bulk sampling followed up by drilling. New data and observations collected in 2008 indicate that pervasive mineralisation of between 1 and 3 g/t within a two to three meter layer is locally enhanced by the presence of zones grading between 10 and 14 g/t across at least 1 meter thickness. These observations can strongly influence the effective grade expected over mineable widths within the 2 to 5 meter range. Of particular interest is a zone striking about 1.5 km in central Chert Valley where there is good continuity in the gold bearing horizon. Structural interpretations suggest the gold horizon dips at a shallower angle than previously assumed – with predicted dips in the range 15 to 20 degrees to the southwest. Finally, sampling in the northern extension of the main Chert Valley zone has returned values of up to 1.3 g/t over 2 meters within a second structurally higher mineralised horizon. This indicates a substantial footprint of gold prospective rocks at Saqqaq of around 20 square kilometres. Avannaa considers that an additional stage of exploration at Saqqaq is merited based on these results. During 2009 a series of mini-bulk samples will be collected across the mineralised horizons in order to tie down the true recoverable gold grades in the deposit, which Avannaa believes has been underestimated in previous programmes. If these results continue to show promise Avannaa will follow up with a drill programme in 2010.

Rare Earth Element discovery: In a separate work program Avannaa has discovered a new rare earth element (REE) deposit at approximately 71° 40' N on the west coast of Greenland. The deposit is located at sea level on gentle terrain adjacent to tidal water. REE mineralisation appears to be stratabound within a layer that has a stratigraphic thickness of up to 20 meters with a minimum strike length of 1,500 meters, and which is open down dip. The REE grades between 0.6 and 1.9 weight % TREO+Y₂O₃ (total rare earth and yttrium oxides). The REE distribution is favourable with relatively high levels of the most valuable metals europium, terbium and dysprosium. In view of the potential

tonnages involved and the accessibility of the mineralisation Avannaa will continue to investigate the deposit via chemical and mineralogical studies aimed at evaluating whether saleable concentrates can be extracted, and if so the Company will look for a technical partner to advance the project further.

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 holds licence 2008/33 at Ataa, located in the eastern Disko area, this licence is prospective for diamonds and Ni/PGE.

Avannaa Resources has offices in Copenhagen and London.

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