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NEWS RELEASE

January 4, 2007

No. 07-01

Avalon to Proceed with Bulk Sampling Program at Warren Township

Anorthosite Project, Timmins, Ontario

Avalon Ventures Ltd. TSX-V: AVL (the “Company”) is pleased to announce that it has signed a letter agreement with a major North American glass manufacturer to deliver a minimum 500 tonne bulk sample of calcium feldspar product from the Warren Township Anorthosite Project for a full-scale furnace trial at one of its U.S. glass manufacturing facilities. A successful trial would lead to a long term supply contract, allowing the Company to develop a quarry, build a production facility and commence commercial production once all operating permits are in place.

Two potential toll milling facilities were identified that are equipped to do the processing work and produce the required size and quality of product sample, and a site located in southern Alberta has been selected to do the work. The entire bulk sampling program cost including sample extraction, shipping, processing, supervision and permitting has been conservatively budgetted at \$500,000 of which approximately one-third will be funded by the customer. The process flowsheet is a relatively simple one involving dry grinding and magnetic removal of the very small amounts of contained ferro-magnesian minerals from the ore.

The work program is scheduled to commence in January under a bulk sampling permit obtained from the Ministry of Northern Development and Mines. In anticipation of a successful trial, the Company has already initiated the preparation of operating permit applications, environmental assessments and community consultation work as required under relevant provincial legislation. This work is being carried out by Fudge & Associates of North Bay, ON. Overall project supervision is being provided by Don Hains, P. Geo., Hains Technology Associates.

The calcium feldspar product is being evaluated by the customer as an alternative raw material for certain fiberglass applications offering potential product quality, cost and environmental benefits including reduction of greenhouse gas emissions. Commented Company President Don Bubar, “It is our strategy to position Avalon as a supplier of a range of mineral products offering environmental benefits either directly, as in this application, or indirectly by being used in alternative energy applications. We are excited at having the opportunity to demonstrate the effectiveness of our calcium feldspar product as an environmentally-beneficial glass raw material.”

It is expected that the bulk sampling program and furnace trials will be completed over the first six months of 2007 and, if successful, the Company expects to proceed with quarry development and plant construction during the second half of the year. Toll milling alternatives will also be examined to determine if commercial deliveries could be initiated prior to the commissioning of a new

process plant. Current plans are to locate this plant near the project site in the Foleyet area, but other possibilities will also be investigated.

About Avalon Ventures Ltd.

Avalon Ventures Ltd. (TSX-V: AVL) is a Canadian junior mineral exploration and development company, with a primary focus on rare metals and minerals with high technology applications or offering environmental benefits. Avalon currently holds a portfolio of five such projects, including three that are at the feasibility stage. To find out more about Avalon Ventures Ltd. (TSX-V: AVL), please visit our website at www.avalonventures.com. Shares Outstanding as at the date of this release: 50,342,248. Cash Resources: \$3.1 million

This news release is available on the Company's official on-line investor relations site for investor commentary, feedback and questions. Investors are invited to visit the "Avalon Ventures" IR Hub at <http://www.agoracom.com/ir/avalon>. In addition, investors are invited to e-mail their questions and correspondence to AVL@agoracom.com or phone Don Bubar, P.Geo. President, at 416-364-4938. Mr. Bubar is the Qualified Person responsible for the technical content of this news release.

The language used in this News Release may contain forward-looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from the Company's forward-looking statements and expectations. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.