

6 November 2013

ASX ANNOUNCEMENT



Avalon Minerals Limited (ASX:AVI) ("Avalon" or "Company")

ASX: AVI

Notice issued to Underwriter

REGISTERED OFFICE

As announced on 28 October 2013, the non-renounceable pro-rata 1:1 rights issue (announced on 9 August 2013) has been re-opened.

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On 31 October 2013, Avalon notified the Underwriter, CPS Capital Group Pty Ltd, that the Company may be in breach of a representation contained in the Underwriting Agreement (**UWA**).

The potential breach arises from the placement of ordinary shares with Tan Sri Abu Sahid Mohamed (**Tan Sri Abu**) on 1 May 2013 and on 5 June 2013. Each of these placements may have been made in breach of the ASX Listing Rules on the basis that they were made in a period during which Tan Sri Abu would still be considered to be a related party of Avalon. ASX has advised that it is considering what (if any) action will be taken in relation to the matter.

The Company advised the Underwriter that, subject to ASX's position, it is of the view that there is no right to terminate the UWA on the basis that the possible breach of the UWA does not have a Material Adverse Effect (as defined in the UWA).

The Underwriter has advised the Company that it reserves its right to terminate in the event that any decision of ASX constitutes circumstances that have or are likely to have a Material Adverse Effect.

The closing date for the re-opened Rights Issue is 5.00 pm (AEST) on Monday, 11 November 2013.

This announcement has also been put on the Company's website.

For further information please visit www.avalonminerals.com.au

