

RIGHTS ISSUE OFFER DOCUMENT

Avalon Minerals Ltd (ASX: **AVI**; "Avalon") advises that the attached Offer Document will be despatched to eligible shareholders on Tuesday 6 March 2012, together with a personalised Entitlement and Acceptance Form.

The current timetable for the Rights Issue is set out below.

Activity	Date
Announcement of the Rights Issue	13 February 2012
Further announcement on the Rights Issue	23 February 2012
Lodge Appendix 3B and Offer Document with ASIC and ASX	23 February 2012
Dispatch of notices to Shareholders informing them of the Rights Issue	24 February 2012
Shares trade on an "ex" Entitlement basis	27 February 2012
Record Date for Entitlement to participate in the Rights Issue	5pm (WST), 2 March 2012
Offer Document and Entitlement and Acceptance Form dispatched to Shareholders	6 March 2012
Opening Date of the Rights Issue	8 March 2012
Closing Date for Receipt of Entitlement and Acceptance Form	5pm (WST), 22 March 2012
Securities quoted on deferred settlement basis	23 March 2012
ASX notified of under subscriptions	27 March 2012
Holding statements for New Shares are dispatched to Shareholders	30 March 2012
Normal ASX trading for New Shares commences	2 April 2012

**The above dates are indicative only and may change without notice. The Directors in consultation with the Underwriter, reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and ASX Listing Rules), to extend the Closing Date, to accept late Entitlement and Acceptance Forms either generally or in particular cases, to close the Offer early or to cancel the Rights Issue without prior notice in its absolute discretion. The commencement of quotation of new securities is subject to confirmation from the ASX. Shareholders should consult their professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Rights Issue is assured. Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number.*

For further information on your entitlement, please contact your professional advisor or Avalon's share registry, Computershare Investor Services Pty Limited on phone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Information on Avalon is available on the Company's website www.avalonminerals.com.au.

Jeremy Read
Managing Director
Avalon Minerals Limited

OFFER DOCUMENT

FULLY UNDERWRITTEN, NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE

For a non-renounceable, pro rata Rights Issue of New Shares at an issue price of \$0.06 per New Share on the basis of one (1) New Share for every five (5) Existing Shares held at the Record Date to raise approximately \$2,868,736.00 before costs.

Important Notice

This Offer Document is not a prospectus and it does not contain all of the information an investor would find in a prospectus, or which may be required to make an informed decision regarding or about the rights attaching to, the New Shares offered by this Offer Document.

This Offer Document is important and should be read in its entirety. If you do not understand the contents of this Offer Document you should obtain professional investment advice before deciding whether to apply for New Shares.

Any investment in the Company should be considered as speculative.

THIS RIGHTS ISSUE OPENS ON 8 MARCH 2012 AND CLOSSES AT 5:00PM (WST) ON 22 MARCH 2012.

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IMPORTANT INFORMATION

This Offer Document is dated 2 March 2012.

Capitalised terms in this Offer Document are defined in Section 7 (Definitions).

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act which relates to rights issues by certain entities that do not require the provision of a prospectus or other disclosure document.

This Offer Document does not contain all of the information which a prospective investor may require to make an informed investment decision or which would otherwise be required under Australian law or any other law to be disclosed in a prospectus.

Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to the ASX and consult their professional advisers before deciding whether to apply for New Shares. Announcements made by the Company to the ASX are available from the ASX website asx.com.au or from the Company's website www.avalonminerals.com.au.

The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Offering Restrictions

No action has been taken to register or qualify the New Shares or the Rights Issue, or otherwise to permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand or to a person that is not an Eligible Shareholder.

The Company has determined, having regard to the requirements and costs of compliance with the securities offering laws of other jurisdictions, that it will not make offers to Ineligible Shareholders.

The Company reserves the right to make offers under the Rights Issue to Eligible Foreign Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing the New Shares without disclosure.

If you are an Eligible Foreign Shareholder to whom the Company wishes to make an offer of New Shares, you will receive a personalised Entitlement and Acceptance Form detailing your Entitlement.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to constitute an offer in any place in which, or to any person whom, it would not be lawful to make such an offer. The distribution of this Offer Document and accompanying Entitlement and Acceptance Form may be restricted by law and persons who come into possession of this Offer Document and accompanying Entitlement and Acceptance Form should seek advice and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Rights Issue or Offer described in this Offer Document, which is not contained in this Offer Document.

Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Company in connection with the Rights Issue.

Privacy

If you complete an Application for New Shares, you will be providing personal information to the Company (directly or via the Share Registry). The Company will collect, hold and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules and Procedures.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

LETTER FROM THE CHAIRMAN

2 March 2012

Dear Shareholder

On behalf of the Directors of Avalon, I am pleased to invite you to participate in this fully underwritten Rights Issue. This Rights Issue provides you with the opportunity to maintain your equity interest in the Company, and to participate in the continued growth of the Company.

As set out in this Offer Document, under the Rights Issue the Company is offering up to 47,812,267 New Shares at an issue price of \$0.06 per New Share to all Eligible Shareholders, on the basis that all Eligible Shareholders are invited to apply for one (1) fully paid ordinary share in the Company for every five (5) fully paid ordinary shares in the Company already held at the Record Date.

The amount that the Company will raise under this Rights Issue is \$2,868,736.00 (before costs). The Rights Issue is fully underwritten, meaning that even if all Shareholders do not participate in the Rights Issue (and assuming the Underwriting Agreement is not terminated), the Company will still raise \$2,868,736.00 (before costs).

The money raised under this Rights Issue will be used to:

- a) conduct a targeted drilling program on the Viscaria Project in northern Sweden which will investigate extensions to high grade copper mineralization;
- b) complete a review of the Company's projects and determine how best to advance those projects with the goal of creating value for shareholders;
- c) complete the transition of the head office from Perth to Brisbane; and
- d) replenish working capital.

As announced on 13 February 2012, the Company has recently appointed six new directors, providing a diverse range of experience and corporate contacts. These appointments bring outstanding local and international mining and corporate management skills to the Company. The Board also considers that these appointments will enhance the Board's corporate governance, supervisory and risk management expertise.

With the recent resignations and these appointments, the Board currently comprises 7 directors. However as announced on 21 February 2012, it is currently planned that Mr Andrew Munckton will also resign in approximately 3 months' time, following the management transition period presently in progress.

The Board's key objective now is to ensure ongoing stability to the Company as the Company looks to recommence the assessment and exploration activities on the Viscaria Project in Northern Sweden and to deliver on project development goals which will create value for our shareholders over the long term.

I am pleased to inform you that as a major shareholder in the Company, I intend to participate in and take up all of my entitlements under the Rights Issue, thereby maintaining my 17.33% shareholding in the Company which equates to investing an additional \$497,151.95.

The details of the Offer are set out in this Offer Document and I encourage you to read the Offer Document in its entirety before making your investment decision. A summary of risk factors that you should consider is set out in Section 4.

Finally, on behalf of the Board I thank you for your continued support in the Company and encourage you to take up your Entitlements under the Rights Issue.

Yours faithfully



Tan Sri Abu Sahid Bin Mohamed
Chairman, Avalon Minerals Limited

SECTION 1 - KEY INFORMATION

1.1 Summary of the Offer

<i>Issue Price per New Share</i>	\$0.06
<i>Maximum number of New Shares to be issued under the Offer</i>	47,812,267
<i>Number of Shares to be issued to the Underwriter as payment under the Mandate Letter</i>	4,000,000
<i>Total number of Shares on issue immediately after completion of the Offer (including those issued to the Underwriter)</i>	290,873,602
<i>Entitlement</i>	1 New Share for every 5 Existing Shares held as at the Record Date
<i>Maximum amount to be raised</i>	\$2,868,736.00 (before costs)

1.2 Indicative Timetable

The following are key dates relating to the Offer that you need to be aware of.

Activity	Date
Lodge Appendix 3B, Offer Document and Section 708AA Cleansing Notice	23 February 2012
Dispatch of notices to Shareholders informing them of Rights Issue	24 February 2012
Shares trade on an "ex" Entitlement basis*	27 February 2012
Record Date for Entitlement to participate in the Rights Issue	5:00pm WST, 2 March 2012
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to Shareholders	6 March 2012
Opening Date for the Rights Issue	8 March 2012
Closing Date for the Rights Issue	5pm WST, 22 March 2012
Securities quoted on deferred settlement basis	23 March 2012
ASX notified of under subscriptions	27 March 2012
Holding statements are dispatched to Shareholders	30 March 2012
Normal ASX trading for New Shares commences	2 April 2012

The above dates are indicative only and may change without notice. The Directors, in conjunction with the Underwriter, reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and ASX Listing Rules), to extend the Closing Date, to accept late Entitlement and Acceptance Forms either generally or in particular cases, to close the Offer early or to cancel the Rights Issue without prior notice in its absolute discretion. The commencement of quotation of new securities is subject to confirmation from the ASX.

**Shareholders should consult their professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Rights Issue is assured. Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number.*

SECTION 2 – DETAILS OF THE RIGHTS ISSUE

2.1 Offer

The Company is making a fully underwritten non-renounceable, pro-rata rights issue offer of New Shares at an issue price of \$0.06 per New Share to Eligible Shareholders on the basis of one (1) New Share for every five (5) Existing Shares held on the Record Date.

As at the Record Date, the Company has on issue 239,061,335 Existing Shares.

When all the Entitlements are taken up under the Offer, the Company will:

- issue 47,812,267 New Shares under the Offer;
- issue 4,000,000 Shares to the Underwriter; and
- raise \$2,868,736.00 (before costs).

The Rights Issue is fully underwritten by Indian Ocean Capital Pty Ltd ACN 051 227 877 (**Underwriter**) (see Sections 5.1 and 5.2 of this Offer Document for further information), meaning that all New Shares under the Offer will be issued (assuming the Underwriting Agreement is not terminated).

Where the determination of an Entitlement results in a fraction of a New Share, such a fraction will be rounded down to the nearest whole New Share.

2.2 Purpose of the Offer

Avalon's cash position at the end of January 2012 was approximately \$900,000. Given the Rights Issue is fully underwritten, provided the Underwriting Agreement is not terminated, the Rights Issue will provide the Company with additional funds of \$2,868,730 (before costs). On this basis, on completion of the Rights Issue the Company will have approximately \$3,768,736 cash at bank (minus expenses incurred since the end of January 2012).

2.3 Use of funds

The Company is undertaking the Rights Issue for the primary purpose of:

- (a) conducting a targeted drilling program on the Viscaria Copper Project in northern Sweden which will investigate extensions to high grade copper mineralisation;
- (b) completing a review of the Company's projects and determining how best to advance those projects with the goal of creating value for shareholders;
- (c) completing the transition of the head office from Perth to Brisbane; and
- (d) replenishing working capital.

2.4 New Shares

The New Shares will be fully paid ordinary shares and will rank equally in all respects from the date of allotment with the Existing Shares.

The Issue Price is payable in full by Eligible Shareholders on acceptance of the Offer.

The Directors may at any time decide to withdraw this Offer Document and the Offer made under this Offer Document, in which case the Company will return all application monies (without interest) as soon as practicable.

2.5 Eligible Shareholders and Entitlements

To be eligible to participate in the Rights Issue, a Shareholder must:

- (a) be registered as a Shareholder at the close of business on the Record Date; and
- (b) have an address in Australia or New Zealand (as recorded on the Share Register) as at the Record Date; or

- (c) have an address outside Australia or New Zealand (as recorded on the Share Register) as at the Record Date and be a person to whom the Company has determined it appropriate to make the Offer.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Eligible Shareholders may accept all, part or none of their Entitlement. Eligible Shareholders will not participate in the Shortfall.

Any Shortfall will be allocated by the Underwriter in consultation with the Company to the Underwriter or any sub-underwriter (if appointed) to the Rights Issue (in accordance with Listing Rule 7.2 (exemption 2)) or any other parties selected by them.

Detailed instructions on how to accept all or part of your Entitlement are set out in Section 3.

If Eligible Shareholders choose not to accept their Entitlements, then they are not required to do anything and their shareholdings in the Company will be diluted by the portion of their Entitlement given the Offer is fully underwritten.

2.6 Opening and Closing dates

The Rights Issue will open for receipt of acceptances on 8 March 2012.

The Closing Date and time for acceptances and payments under the Offer is 5pm WST, 22 March 2012 (3pm WST, 22 March 2012 if paying by BPay), subject to the Directors, in conjunction with the Underwriter, varying these dates (subject to the Corporations Act and the ASX Listing Rules). The Company must receive your Entitlement and Acceptance Form and payment before the Closing Date otherwise the Offer as it applies to Eligible Shareholders will lapse. Further details on the timetable for the Offer are set out in Section 1 of this Offer Document.

2.7 No rights trading

This Offer is made on a non-renounceable basis. Shareholders who are registered as at the Record Date may not renounce, sell, transfer or deal with all or any part of their Entitlement to the New Shares which they do not wish to accept.

If you do not take up your Entitlement by the Closing Date, the Offer will lapse, your shareholding in the Company will be diluted and any Shortfall will be dealt with in accordance with Section 2.9 of this Offer Document.

2.8 Lead Manager and Underwriting

The Underwriter has agreed to act as the sole and exclusive lead manager to the Offer under the Mandate Letter and has also agreed to fully underwrite the Offer pursuant to the Underwriting Agreement.

Summaries of both the Mandate Letter and the Underwriting Agreement are set out in Sections 5.1 and 5.2 respectively.

2.9 Placement of Shortfall

If any Shortfall remains after the Closing Date, the Directors in conjunction with the Underwriter, reserve the right to place any Shortfall with:

- the Underwriter or any sub-underwriter (if appointed); or
- any other parties selected by them.

Pursuant to Listing Rule 7.2 (exemption 2), any allocation of the Shortfall to the Underwriter or any sub-underwriter (if appointed) in accordance with the Underwriting Agreement, will not count towards the Company's 15% threshold under Listing Rule 7.1, provided the Underwriter receives the New Shares within 15 business days after the close of the Offer.

Under the Underwriting Agreement, all Shortfall Shares are required to be placed by 27 March 2012 and will be issued on the same terms as are being offered to Shareholders under the Rights Issue.

2.10 Allotment of New Shares

New Shares taken up under the Rights Issue are expected to be allotted by 30 March 2012 (subject to any changes in the timetable set out in Section 1, at the discretion of the Directors in consultation with the Underwriter).

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their new holding statements following the issue of New Shares to them will do so at their own risk.

2.11 Application Monies

Pending the allotment of the New Shares or return of Application Monies, the Application Monies will be held in trust for the Applicants. No interest will be paid on any Application Monies received or refunded.

2.12 Market Prices for Shares on ASX

The lowest and highest market prices of the Shares of the Company on ASX during the 3 months immediately preceding 22 February 2012 were \$0.05 and \$0.12 respectively.

The issue price of \$0.06 per New Share represents a 50% discount to the closing price of the Company's shares of \$0.12 on 21 February 2012.

The volume weighted average price for Shares on the ASX over the 30 trading days preceding 13 February 2012 (the date the Rights Issue was first announced) was 6.09371 cents. The volume weighted average price for Shares on the ASX over the 30 trading days preceding 22 February 2012 was 6.46 cents. The Issue Price therefore represents a discount of approximately 7.12% to the 30 day volume weighted average price for Shares for this latter period.

2.13 ASX quotation of New Shares

The Company will apply to ASX for official quotation of the New Shares. If ASX does not grant permission for official quotation of the New Shares, all Application Monies will be returned, without interest as soon as practicable.

2.14 Foreign Shareholders

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders only and will not be offered to shareholders resident outside of Australia or New Zealand subject to the discretion of the Directors.

The Company has determined that it is not economically viable and is unreasonable for it to make offers to shareholders resident outside of Australia or New Zealand, unless they are an Eligible Foreign Shareholder, having regard to the amount seeking to be raised under the Rights Issue and the substantial costs involved in complying with the legal and regulatory requirements in those jurisdictions.

However, in compliance with Listing Rule 7.7, the Company will send each Ineligible Shareholder details of this Offer and advise them that the Company will not offer New Shares to them.

New Shares to which any Ineligible Shareholder would otherwise be entitled, will be Shortfall Shares and will be dealt with by the Underwriter and the Company in accordance with the Underwriting Agreement.

2.15 Risk Factors

An investment in New Shares should be regarded as highly speculative. There are general risks applicable to all investments in listed securities, however there are also specific risks associated with an investment in the Company. Some of these specific risks are outlined in Section 4.

2.16 Taxation Implications

Shareholders should be aware that there may be taxation implications in participating in the Offer and subscribing for New Shares. The taxation consequences of participating in the Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder. Before making a decision on whether or not to participate in this Rights Issue, Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

2.17 Regular Reporting and Disclosure

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market.

In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from the ASX website asx.com.au or the Company's website www.avalonminerals.com.au.

2.18 CHES

The Company participates in the CHES operated by the ASX Settlement Corporation (**ASX Settlement**), a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHES, the Company will not issue certificates to Applicants. Instead, Applicants will receive a statement of their holdings in the Company of New Shares. If the Applicant is broker sponsored, ASX Settlement will send them a CHES statement.

The CHES statement will set out the number of New Shares issued under this Offer Document, provide the details of a Shareholder's holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however a charge may apply for additional statements.

2.19 Enquiries

If you have any questions concerning your Entitlement or this Offer Document, please contact your professional advisor or Avalon's share registry, Computershare Investor Services Pty Limited on phone: 1300 850 505 (within Australia); +61 (03) 9415 4000 (outside Australia).

SECTION 3 – REQUIRED ACTIONS

3.1 Eligible Shareholders

If you are an Eligible Shareholder you may:

- take up all or part of your Entitlement in accordance with this Offer Document; or
- decline to exercise any or all of your Entitlement.

3.2 Acceptance

If you decide to take up all or part of your Entitlement, please complete and return the Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY by following the instructions set out in Section 3.4 and on the Entitlement and Acceptance Form.

The Company will treat you as applying for as many New Shares as your payment will pay for in full having regard to your Entitlement.

Any Application Monies received for more than your full Entitlement will be refunded to you, without interest.

Shareholders will not participate in the Shortfall (if any). Any Shortfall Shares will be allocated by the Underwriter in consultation with the Company to the Underwriter or any sub-underwriter (if appointed) to the Rights Issue (in accordance with Listing Rule 7.2 (exemption 2)) or any other parties selected by them.

No interest will be paid on any Application Monies received or refunded.

This Offer may be accepted in whole or in part or not at all. Acceptance and full payment of AU\$0.06 per New Share that you wish to apply for must be received before 5:00pm WST on 22 March 2012 (or before 3:00pm WST on 22 March 2012 for payment by BPay). Further instructions for completion and lodgment of acceptances are set out on the back of the enclosed Entitlement and Acceptance Form and this Section 3.

3.3 Declarations and certifications

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will be deemed to have represented that you are an Eligible Shareholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence or where you have been given the Offer Document and Entitlement and Acceptance Form, does not prohibit you from being given the Offer Document and Entitlement and Acceptance Form and that you:

- agree to be bound by the terms of the Rights Issue;
- authorize the Company to register you as the holder of the New Shares allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Company receives the completed Entitlement and Acceptance Form, you may not withdraw it;
- agree to apply for the number of New Shares that the payment you provide will pay for in full, at the Issue Price (subject to any over subscription that will be dealt with as set out in this Offer Document);
- agree to be issued the number of New Shares that you apply for (subject to any over subscription that will be dealt with as set out in this Offer Document);
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of Computershare, upon using the contact details set out in the Entitlement and Acceptance Form;

- declare that you are the current registered holder of Shares and are a resident of Australia or New Zealand or an Eligible Foreign Shareholder and are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Offer Document is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- declare that you are eligible to participate in the Rights Issue;
- acknowledge that the New Shares have not, and will not be, registered under the securities laws in any jurisdiction outside Australia and accordingly, the New Shares may not be offered, sold or otherwise transferred in a jurisdiction outside Australia or New Zealand except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws; and
- agree to provide (and direct your nominee or custodian to provide) substantiation of your eligibility or of your holding of Existing Shares upon request.

3.4 Action Required

All of your Entitlement

If you wish to take up **all** of your Entitlement, use the BPAY facility as outlined in the accompanying Entitlement and Acceptance Form by paying no later than 3.00pm WST on 22 March 2012, or complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out on the back of the form and send the form together with your cheque for the amount shown on the form so that it reaches the Company's share registry by no later than 5:00pm WST on 22 March 2012.

The mailing details for the Company's share registry are as follows:

Computershare Investor Services Pty Limited,
GPO Box 505,
Melbourne VIC 3001,
Australia

Cheques and drafts should be made payable to "Avalon Minerals – Rights Issue" and crossed "Not Negotiable".

If you apply and pay for more New Shares than your Entitlement, you will only be allocated the number of New Shares according to your Entitlement. Any Application Monies received for more than your full Entitlement will be refunded to you, without interest.

Shareholders will not participate in the Shortfall (if any). Any Shortfall Shares will be allocated by the Underwriter in consultation with the Company to the Underwriter or any sub-underwriter (if appointed) to the Rights Issue (in accordance with Listing Rule 7.2 (exemption 2)) or any other parties selected by them.

Part of your Entitlement

If you wish to take up **part** of your Entitlement, use the BPAY facility as outlined in the accompanying Entitlement and Acceptance Form by paying no later than 3.00pm WST on 22 March 2012, or complete the enclosed Entitlement and Acceptance Form in respect of the New Shares you wish to take up in accordance with the instructions set out on the back of the form and send the form together with your cheque for the relevant amount (being the number of New Shares you wish to take up multiplied by AU\$0.06 per New Share) so that it reaches the Share Registry by no later than 5:00pm WST on 22 March 2012.

Eligible Shareholders should ensure that their Entitlement and Acceptance Form and Application Monies are mailed early to ensure they arrive at the postal address specified above 5:00pm WST on 22 March 2012 (or such other date as may be determined by the Directors and the Underwriters in accordance with the Underwriting Agreement, the Listing Rules and the Corporations Act).

None of your Entitlement

If you do not wish to take up any of your Entitlement, you do not need to take any action and:

- your Entitlement to the Shares will lapse on the Closing Date; and

- the relevant number of New Shares with respect to your Entitlement will form part of the Shortfall which will be allocated by the Directors and the Underwriter in accordance with the Underwriting Agreement and the Listing Rules to the Underwriter or any sub-underwriter (if appointed) to the Rights Issue or any other parties selected by them.

As this Offer is non-renounceable, you will not receive any payment for Entitlements you do not take up. If you decide not to participate in the Rights Issue, you will continue to beneficially own the same number of Shares; however your percentage shareholding in the Company will be diluted by the portion of your Entitlement.

3.5 Closing Date

The Closing Date for the Offer is 5:00pm WST on 22 March 2012, unless closed earlier or extended, at the discretion of the Directors and the Underwriter in accordance with the Corporations Act, the Listing Rules and the Underwriting Agreement.

SECTION 4 – RISK FACTORS

4.1 Risks

Prior to deciding whether to apply for New Shares under the Offer, Eligible Shareholders should read this Offer Document in its entirety and review all announcements made by the Company to the ASX in order to gain an understanding of the Company, its activities, operations, financial position and prospects.

The risks included in this Section are key risks identified by the Board as being specific to the Company and its operations as at the date of this Offer Document and reasonably anticipated by the Board. It is important to note that the risks listed in this Section are not an exhaustive list of the risks relevant to the Company.

Shareholders are strongly encouraged to:

- (a) rely on their own knowledge of the Company;
 - (b) refer to disclosures made by the Company to ASX; and
 - (c) consult their professional advisers,
- before deciding whether to apply for New Shares.

Announcements made by the Company to ASX are available from the ASX website asx.com.au or from the Company's website www.avalonminerals.com.au.

As the risks described in this section may impact upon the Company's future performance, the Company and its Directors have endeavoured (and will continue to do so), to take steps to safeguard the Company from, and to mitigate the Company's exposure to, these risks.

4.2 Speculative investment

The Company is involved in mineral exploration which is highly speculative in nature. Accordingly, there are significant risks that Eligible Shareholders should consider before deciding whether or not to subscribe for New Shares under the Offer. You should regard an investment in the New Shares offered under this Offer Document as a highly speculative investment.

4.3 Cash position

Avalon's cash position at the end of January 2012 was approximately \$900,000. Given the Rights Issue is fully underwritten, provided the Underwriting Agreement is not terminated, the Rights Issue will provide the Company with additional funds of \$2,868,730. On this basis on completion of the Rights Issue the Company will have approximately \$3,768,736 cash at bank (minus expenses incurred since the end of January 2012).

However, given the Company is an exploration and mineral project development entity, it will need to raise substantial additional funds in the future to continue progressing and developing its projects. There is a risk that the Company will be unable to raise such funds when needed or on reasonable terms.

It is important for potential investors in the Company to note and understand that unless the Company is able to continue to raise funds as required, that failure could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

This has already been demonstrated by the Company's cash flow difficulties and uncertainties over the last 12 months, which have led to a number of crucial aspects of the Company's business and strategic plans being put on hold or cancelled. The material ones of these are noted below in this Section.

4.4 Viscaria Project

(a) *Bankable Feasibility Study (BFS)*

In October 2010 a BFS of the Viscaria Project was commenced, however due to the Company's cash position the BFS was suspended in mid-August 2011. The suspension of the BFS was required to conserve funds following the withdrawal of the underwriter from the June 2011 placement.

Resource estimates, initial mine design and optimisation work and project approval activities were completed during the last quarter of 2011, to provide an update to the BFS. However, the BFS will not be recommenced until the Company has sufficient funds to proceed to completion of the BFS and has completed an internal review of the outcomes to date of the BFS. It is a possibility that, depending on the outcomes from the internal review of the BFS, it will not be completed or completed with its current objectives. There is no present certainty as to when the BFS will recommence.

(b) ***Drilling programs***

The BFS not only remains suspended because of a lack of funding but also pending further review and analysis of the project economics for the Viscaria Project.

Additional drilling programs are required at B Zone and D Zone of the Viscaria Project to increase the confidence in the Mineral Resources by converting more of the Inferred Resources to a Measured and Indicated category. These drilling programs have been designed and planned but currently remain inactive.

Given the Company's financial position, further drilling at A Zone, B Zone and D Zone cannot proceed until the Company raises additional funds. Funds raised under this Rights Issue will be used to undertake drilling at A, B and D Zones, however this drilling will be insufficient to convert more of the Mineral Resources from the JORC Inferred to Indicated category. The purpose of the drilling will be to extend existing Mineral Resources, not to increase the confidence level in the Mineral Resources.

(c) ***Mining***

Further work, in particular on the metallurgical recovery, geotechnical estimates and mining and processing cost estimates are required to bring all elements of the Viscaria Project up to BFS standard.

The technical and financial results received to date indicate that at either a 3.0mtpa or 1.5mtpa throughput rate, as contemplated in the 2010 Pre-Feasibility Study that the A Zone, B Zone and D Zone combination provides a mine life of approximately 3.8 or 7.5 years respectively.

This mine life is considered insufficient at the current time to commence operations based solely on the Viscaria Project.

Further Mineral Resources, in addition to those already defined, would be required to extend the projected life of the operations to 10 years which is presently considered the minimum requirement for an operation of this type. There is a risk that such Mineral Resources are never defined or not defined to a level great enough to increase the mine life to that required to commence operations based solely on the Viscaria Project.

(d) ***Mining Exploitation Concessions (MEC)***

The MECs for the Viscaria Project, being:

- i. Viscaria K3 and Viscaria K4 covering D Zone and part of A Zone and B Zone; and
- ii. Viscaria K7 covering the northern part of the A Zone and B Zone deposits,
were submitted to the Mining Inspector of the Bergsstaten (Mines Department of Sweden) in April 2010 and were significantly amended in early 2011 following submissions from the city of Kiruna.

As announced by the Company on 24 January 2012, MECs for Viscaria K3 and Viscaria K4 were approved and granted. However, the MEC for Viscaria K7 remains outstanding.

The granting of the MECs for Viscaria K3 and K4 are subject to several conditions including:

- i. consultation with the local Sameby reindeer herding groups and protection of reindeer during the annual migration;
- ii. cooperation with neighbouring mining companies, principally LKAB, on land use;
- iii. payment of performance bonds totalling 600,000 SEK (approximately A\$84,433) prior to mining commencement; and
- iv. protection of infrastructure (principally the E10 highway and railway) which are adjacent to the granted MECs.

MEC Viscaria K7 remains under consideration by Bergsstaten pending an amendment to the Kiruna town planning act to allow for the grant of a mining lease over land that is presently zoned for power generation windmills only. MEC Viscaria K7 affects the northern parts of A Zone and B Zone.

The granting of the MEC is a precursor to consideration by the regulator of the Environmental Impact Assessment (EIA) and permits access to the historical underground mining openings to check present day geotechnical conditions and groundwater levels.

The granting of the MEC is also a precursor to approval by the Environmental Court of Sweden of the Licence to Operate at Viscaria.

Whilst the County Administration Board (which is the functional administrator of the land and zoning use around the city of Kiruna), has no objection to the rezoning of the land on which the windmills sit and therefore the grant of Viscaria K7, it is expected that an agreement between the windmill owners and the Company will need to be reached before the MEC for Viscaria K7 can be granted. This is expected to be available by mid-2012. Until an MEC for Viscaria K7 is actually granted there is a risk that it will not be granted or that it will be granted on conditions unacceptable to the Company.

(e) ***Environmental Impact Assessment (EIA)***

The EIA was submitted to the Environmental Court of Sweden (ECS) in April 2011.

Following the suspension of the BFS, the Company sought suspension of consideration of the EIA by the ECS to reduce expenditure. In January 2012 the ECS granted the application to withdraw the Viscaria EIA from consideration and returned the Company's application fee.

In the event the Company wishes to undertake a mining operation at Viscaria, it will need to submit an amended Viscaria EIA for consideration and pay the appropriate application fee. It is unlikely that the EIA will be re-submitted to the ECS until the Viscaria K7 MEC has been approved and the BFS is recommenced.

(f) ***Potential customers for concentrate***

The Company has previously announced that discussions and negotiations with potential customers for the copper and iron ore concentrate were being undertaken concurrently with the BFS.

All such discussions and negotiations have been placed on hold or cancelled following suspension of the BFS. It is unlikely that any further discussions or negotiations with potential customers will recommence until, at the earliest, the BFS is recommenced.

4.5 Termination of the Mandate Letter and Underwriting Agreement

As set out further under Sections 5.1 and 5.2, the Underwriter has agreed to act as the sole and exclusive lead manager to the Offer and to fully underwrite the Rights Issue on the terms and conditions contained in the Mandate Letter and the Underwriting Agreement.

If the Mandate Letter is terminated whether by the Company or the Underwriter for cause, the Company will be required to reimburse the Underwriter for reasonable expenses incurred or accrued up to the date of termination and also pay a termination fee of \$25,000 plus GST and all obligations of the Underwriter under the Mandate Letter will cease.

Further, under the Underwriting Agreement, the Underwriter may, without cost or liability to itself, terminate its obligations under the Underwriting Agreement on the happening of certain material events by notice in writing to the Company at any time prior to completion of its obligations under the Underwriting Agreement.

There is a risk that the Mandate Letter and the Underwriting Agreement are terminated and subsequently all of the Underwriter's obligations in relation to the Offer cease. If the Underwriter terminates the Underwriting Agreement before the Rights Issue is completed, there is a risk that the Company will be unable to raise the full amount of \$2,868,736 it is seeking to raise under the Rights Issue.

4.6 Environmental Risks

The Company's projects are subject to Swedish laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts, should advanced exploration or development proceed.

In this regard, the Viscaria Project is close to the city of Kiruna and there is some infrastructure that may be affected if mining is carried out. Whilst the community of Kiruna is largely dependent on mining, particularly the large Kirunavarra magnetite mine, social as well as pure environmental considerations need to be taken into account when planning exploration, mine dewatering and development.

4.7 Sambey

In addition to being close to the city of Kiruna, the Sambey people also have communities nearby and use areas near the Viscaria Project for herding their reindeer. Exploration and development needs to be undertaken in a manner that minimises interference with the Sambey's way of life and could be a factor in obtaining approvals and more likely the conditions attached to future approvals.

4.8 Resource estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate.

Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formation different from those predicated by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

4.9 Operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors not limited to but including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns; and
- (c) inability or delay in obtaining necessary consents or approvals.

SECTION 5 – ADDITIONAL INFORMATION

5.1 Mandate Letter

Prior to entry of the Underwriting Agreement, the Company agreed to the terms and conditions set out in the Mandate Letter under which the Underwriter agreed to act as the sole and exclusive lead manager to the Offer and to also fully underwrite the Offer in accordance with the Underwriting Agreement.

The terms and conditions agreed under the Mandate Letter are separate to those applicable under the Underwriting Agreement. Some of the key terms and conditions of the Mandate Letter are set out below.

(a) ***Exclusivity***

During the currency of the Mandate Letter, the Company must not engage any person other than the Underwriter to manage or arrange the issue of any shares or other securities of the Company.

(b) ***Fees***

Under the Mandate Letter, the Underwriter's fees in relation to the Offer are:

- i. 5% of the gross amount raised under the Offer, given the Offer is fully underwritten this equates to \$143,436.80;
- ii. 4,000,000 ordinary shares in the Company to be issued to the Underwriter or its nominee(s) on a fully paid basis and to rank equally with the Company's existing issued shares. The Company has sought quotation for these shares at the same time as it sought quotation for the New Shares;
- iii. 6,000,000 ordinary shares in the Company to be issued to the Underwriter or its nominee(s) on payment of 1 cent per ordinary share (**Partly Paid Shares**), with a further 5 cents per Partly Paid Share to be paid at the discretion of the holder of the Partly Paid Shares, such payment to qualify the Partly Paid Shares as Shares in respect of which the Company will apply for quotation on ASX; and
- iv. an underwriting fee of \$25,000.00 plus reasonable out of pocket expenses (as noted under section 5.2 (b)).

(c) ***Termination***

The Company can terminate the Mandate Letter at any time before the New Shares are issued on giving the Underwriter 10 business days' notice.

The Underwriter may terminate the Mandate Letter at any time, if in its sole and absolute opinion one or more specified events occur. These specified events are similar to those specified in Section 5.2(d) below.

(d) ***Termination Fee***

If the Company terminates the Mandate Letter or the Underwriter does so for cause, the Underwriter will be entitled to:

- i. the reimbursement of any incurred or accrued reasonable expenses up to the date of termination; and
- ii. if the Mandate Letter is terminated prior to completion of the Offer, a termination fee of \$25,000 plus GST payable by the Company within 2 business day of the presentation of a tax invoice.

(e) ***Lock up***

The Company is required to get the prior consent of the Underwriter before offering securities or selling or otherwise disposing of securities of the Company for the period of 12 months, commencing on the settlement of the New Shares.

5.2 Underwriting Agreement

In accordance with the Underwriting Agreement, the Underwriter has agreed to fully underwrite the Rights Issue on the terms and conditions set out in that agreement.

Having the Rights Issue fully underwritten means that any Shortfall Shares will be allocated by the Underwriter in consultation with the Company and the Company will raise the full amount of \$2,868,736 (**Underwritten Amount**) it is seeking to raise under the Rights Issue.

The Company has given warranties, covenants and indemnities to the Underwriter which are customary in an agreement of its nature. Some of the key terms and conditions of the Underwriting Agreement are set out below.

(a) *Allocation of Shortfall Shares*

Under the Underwriting Agreement, the Underwriter may procure another person to sub-underwrite such portion of the New Shares as the Underwriter thinks fit.

In accordance with Listing Rule 7.2 (exemption 2), any allocation of the Shortfall to the Underwriter in accordance with the Underwriting Agreement will not count towards the Company's 15% threshold under Listing Rule 7.1, provided the Underwriter receives the New Shares within 15 business days after the close of the Offer.

(b) *Fees*

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of \$25,000.

All sub-underwriting and selling fees to third parties will be met by the Underwriter.

The Company has also agreed to reimburse the Underwriter for the Underwriter's reasonable out of pocket expenses (including legal expenses) incurred in connection with the Offer.

(c) *Conditions*

The obligations of the Underwriter under the Underwriting Agreement are subject to the satisfaction of the following conditions precedent:

- i. Due diligence: the Underwriter being satisfied in its absolute discretion with its due diligence investigations in relation to the Company; and
- ii. Sub-underwriters: the Underwriter, in its reasonable opinion, securing sufficient commitments from sub-underwriters to subscribe for Shortfall Shares up to the Underwritten Amount.

If any of the conditions precedent are not satisfied or waived by the Underwriter by 27 March 2012, the Underwriter may terminate the Underwriting Agreement by notice in writing to the Company.

(d) *Termination events*

The Underwriter may, without cost or liability to itself, terminate its obligations under the Underwriting Agreement on the happening of certain material events (**Termination Events**) by notice in writing to the Company at any time prior to completion of its obligations under the Underwriting Agreement.

Some of the Termination Events noted in the Underwriting Agreement include:

- i. the All Ordinaries Index, S&P ASX 300 Metals & Mining Index or the Small Ordinaries Index, as published by ASX, is at any time after the date of this Agreement 10% or more below its level as at the close of business on the date of this Underwriting Agreement;
- ii. upon a material default by the Company under the Underwriting Agreement; and
- iii. upon the occurrence of certain other events which have or are likely to have a material adverse effect on the Underwriter or could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

5.3 Effect of the Offer on control of the Company

The potential effect the Offer will have on the control of the Company is as follows:

- (a) if all Shareholders take up their Entitlements under the Offer then the Rights Issue will have no effect on the control of the Company;
- (b) if all Shareholders do not take up their Entitlements, the Shortfall will be allocated by the Underwriter in consultation with the Company to the Underwriter or any sub-underwriter (if appointed) to the Rights Issue (in accordance with Listing Rule 7.2 (exemption 2)) or any other parties selected by them. Shareholders may not apply to take up the Shortfall. The effect the placement of the Shortfall may have on control will depend entirely on the allocations made by the Underwriter or any sub-underwriter (if appointed);
- (c) if some Shareholders do not take up their Entitlements, their equity in the Company will be diluted. The equity of Existing Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent;
- (d) the Options the Company currently has on issue are not expected to be exercised prior to the Record Date as the exercise price for these Options exceeds the Issue Price and the share price on 21 February 2012, of \$0.12 per share at close of trade, therefore the Options are expected to have no effect on the Offer or the control of the Company; and
- (e) given the Rights Issue is fully underwritten, if all Shareholders do not take up their Entitlements and assuming the Shortfall Shares are placed entirely with the Underwriter, the Underwriter will hold 17.81% in the Company.

The capital structure of the Company on completion of the Offer will be as follows (assuming none of the Options currently on issue are exercised before the Record Date):

Shares currently on issue	239,061,335
Options currently on issue	7,900,000
Options anticipated to be exercised before the Record Date	Nil*
Maximum number of New Shares offered under the Offer	47,812,267
Number of Shares to be issued to the Underwriter as payment under the Mandate Letter	4,000,000
Total Shares on issue on completion of the Offer and payment to the Underwriter**	290,873,602

* The Options have exercise prices of \$0.30 and \$0.40. The Board considers it reasonable to assume that none of the Options will be exercised before the Record Date given the Company's share price as at close of trading on 21 February 2012 of \$0.12.

**Note this does not include the Partly Paid Shares that are proposed to be issued to the Underwriter on receipt of payment by the Underwriter to the Company of 1 cent per Partly Paid Share.

SECTION 6 – CORPORATE DIRECTORY

DIRECTORS

Tan Sri Abu Sahid Bin Mohamed	Chairman (Avalon's largest shareholder)
Jeremy Read	Managing Director
Dato Siew Mun Chuang	Deputy Chairman
Andrew Munckton	Executive Director
Paul Niardone	Non-Executive Director
Siew Mun Wai	Non-Executive Director
Seng Han Garry Goh	Non-Executive Director

COMPANY SECRETARY

Roslynn Shand

REGISTERED OFFICE

Level 2, 91 Havelock Street
West Perth WA 6005
Australia

UNDERWRITER

Indian Ocean Capital Pty Ltd
Level 13, 77 St George's Terrace
Perth WA 6000
Australia

SOLICITORS TO THE COMPANY

GRT Lawyers
Unit 19, Cathedral Village, 115 Wickham Street
Fortitude Valley QLD 4006
Australia

AUDITOR

KPMG
235 St Georges Terrace
Perth WA 6000 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited,
GPO Box 505,
Melbourne VIC 3001,
Australia

CONTACT DETAILS

Web: www.avalonminerals.com.au
Email: info@avalonminerals.com.au
Telephone: +61 8 9322 2752
Facsimile: +61 8 9322 2827

ASX CODE: AVI

SECTION 7 – DEFINITIONS

Adak Project means the Adak Copper-Zinc Project located Northern Sweden.

Applicant means a person who submits an Application.

Application means a validly completed Entitlement and Acceptance Form.

Application Monies means monies paid by Eligible Shareholders in respect of New Shares applied for.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the date on which the Offer closes, being 5pm WST on 22 March 2012, which may be varied by the Directors at their absolute discretion.

Company or Avalon means Avalon Minerals Ltd ACN 123 184 412.

Corporations Act means the *Corporations Act 2001* (Cth) of Australia.

Directors means the directors of the Company from time to time.

Dollars or \$ means Australian dollars unless otherwise stated.

ECS means Environmental Court of Sweden.

EIA means environmental impact assessment.

Eligible Foreign Shareholder means a Shareholder with an address in the Company register of Shareholders outside Australia and New Zealand but to whom the Company may lawfully invite to participate in the Offer.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand who is eligible to participate in the Offer and may include an Eligible Foreign Shareholder (as applicable in the context).

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer, determined as at the Record Date based on the number of Existing Shares that Shareholder holds as at the Record Date.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Document.

Existing Shares means Shares of the Company on issue as at the Record Date.

Ineligible Shareholder means all Shareholders who are not either an Eligible Shareholder or Eligible Foreign Shareholder.

Issue Price means \$0.06 per New Share.

Listing Rules or ASX Listing Rules means the official Listing Rules of ASX.

Mandate Letter means the letter from the Underwriter dated 8 February 2012 and accepted by the Company on 10 February 2012.

New Share means a Share offered and issued under this Offer Document, the terms and conditions of which are set out at Section 2 of this Offer Document.

Offer or Rights Issue means a non-renounceable, pro-rata entitlement issue to Eligible Shareholders on the basis of 1 New Share for every 5 Existing Shares held by Shareholders on the Record Date.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Offer Document means this document.

Official List means the Official List of ASX.

Opening Date means the date on which the Offer opens, being 8 March 2012.

Options means an option to acquire a Share.

Quotation and Official Quotation means official quotation on ASX.

Record Date means 5pm WST on 2 March 2012.

Rights Issue means the entitlement to New Shares available for issue under this Offer Document.

Share means a fully paid ordinary share in the Company.

Share Register means the register of Shareholders maintained by Computershare Investor Services Pty Limited.

Share Registry or Computershare means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares in the Company.

Shortfall means the number of New Shares under the Offer not applied for by an Eligible Shareholder under their Entitlement.

Shortfall Shares means the New Shares not applied for by an Eligible Shareholder under their Entitlement.

Underwriter means Indian Ocean Capital Pty Ltd ACN 051 227 877.

Underwritten Amount means \$2,868,736.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 22 February 2012.

Viscaria Project means the Viscaria Copper Iron Ore Project located in Sweden.

WST means Western Standard Time.