



AVALON RAISES \$10.8M TO INCREASE MINERAL RESOURCES AND COMPLETE FEASIBILITY STUDIES ON VISCARIA COPPER-IRON PROJECT

SUPPORTS OBJECTIVE OF COMMENCING COPPER & IRON CONCENTRATE PRODUCTION IN 2013

Overview

- Placement completed to raise approximately A\$10.8 million at a price of 18 cents per share
- Underwritten by Avalon Non-Executive Director and major shareholder, Tan Sri Abu Sahid Bin Mohamed subject to shareholder approval
- Proceeds to be used to increase mineral resources at the Company's flagship Viscaria Copper-Iron Project in Sweden, undertake regional exploration and complete the Viscaria Bankable Feasibility Study

Avalon Minerals Ltd (ASX: "AVI" - "Avalon" or "the Company") is pleased to announce that it has completed a Share Placement to professional and sophisticated investors to raise up to **\$10.8 million** to support the continued exploration and development of its flagship 100%-owned **Viscaria Copper-Iron Project** in northern Sweden.

The Placement has been underwritten by Avalon Non-Executive Director and existing major shareholder Tan Sri Abu Sahid Bin Mohamed, and was managed by Indian Ocean Capital Pty Ltd.

The Placement will be undertaken in two tranches. Tranche 1 comprises the issue of 8,362,222 fully paid ordinary shares at \$0.18 per share to professional and sophisticated investors and clients of Indian Ocean Capital, and will be completed utilising the Company's 15% placement capacity.

Tranche 2 comprises the issue of 51,637,778 fully paid ordinary shares at \$0.18 per share, pursuant to the underwriting agreement, and is subject to shareholder approval (where required). A General Meeting of Avalon shareholders will be held as soon as practicable.

Commenting on the raising, Avalon's Managing Director Mr Andrew Munckton said: "Avalon is very pleased by the strong level of support for the raising, and we are delighted to have the ongoing backing of our major shareholder Tan Sri Abu Sahid Mohamed during this key stage of the Company's development".

Use of Proceeds

The funds raised from the Placement will be applied to the following activities:

- Continued Resource definition drilling programs over the A Zone, B Zone and D Zone copper and iron ore mineralisation at Viscaria
- Drilling of the deeper zones of copper and iron mineralisation identified at the D Zone to extend the D Zone resource
- Testing of several regional exploration targets in the Viscaria area
- Completion of the Bankable Feasibility Study for the Viscaria Copper-Iron Project
- Progress of the operating licence for mining development, which is scheduled to commence in 2012
- General project working capital

This announcement will bring to an end the current trading halt.

Further Information

For further information on this release and Avalon Minerals generally, please contact:

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