

ASX ANNOUNCEMENT

5 AUGUST 2014



AVALON MINERALS LIMITED Disclosure under ASX Listing Rule 3.10.5A

Further to the announcement dated 28 July 2014 by Avalon Minerals Limited ('Company' or 'Avalon'), the Company advises that it has today issued 233,750,000 fully paid ordinary shares.

Details of issue of 10% Placement Facility under ASX LR 7.1A

The Company provides the following information as required under ASX LR 3.10.5A in respect of the shares issued under the Placement:

- a) The dilutive effect of the Placement on existing shareholders is as follows:

Number of shares on issue prior to the Placement: 1,203,604,886

- Placement issue under LR 7.1 - (113,389,511 shares) 9.4%
- Placement issue under LR 7.1A - (120,360,489 shares) 10%
- Total dilution as a result of the Placement 19.4%

Number of shares on issue following the Placement: 1,437,354,886

Details of the approximate percentage of the issued capital following the completion of the Placement held by pre-placement shareholders and new shareholders are as follows. Please note that this information relates specifically to the portion of shares issued under LR 7.1A (120,360,489 shares).

- Pre-placement shareholders who did not participate in the Placement 88%
- Pre-placement shareholders who did participate in the Placement 12%
- Participants in the placement who were not previously shareholders 88%

- b) The securities were issued to sophisticated and professional investors as it was considered to be the most efficient mechanism for raising the funds at the time. The Company completed a pro rata issue to shareholders in November 2013.
- c) There were no underwriting arrangements entered into.
- d) Fees of 5% and 6% are payable on the amounts raised by each of Viaticus Capital LLC (New York), Bromius Capital and Morgans Corporate Ltd.

Avalon also confirms that the source of the data for determining the placement issue price, which was at least 75% of the 15 Day VWAP as calculated under LR 7.1A.3, was Morgans Stockbroking.

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Avalon Minerals Limited

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