

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

AVALON MINERALS LTD

ABN

68 123 184 412

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 51,812,267 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares ranking equally in all respects with existing quoted fully paid ordinary shares. |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – shares</p>				
<p>5 Issue price or consideration</p>	<p>\$0.06 per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the issue is to raise money to enable the Company to:</p> <ul style="list-style-type: none"> • Conduct a targeted drilling program on the Viscaria Copper Project in northern Sweden which will investigate extensions to high grade copper mineralisation • Complete a review of the Company’s projects and determining how best to advance those projects with the goal of creating value for shareholders • Complete the transition of the head office from Perth to Brisbane • Replenish working capital 				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>Friday, 30 March 2012</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1747 989 1780">Number</th> <th data-bbox="989 1747 1281 1780">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1780 989 1944">290,873,602</td> <td data-bbox="989 1780 1281 1944">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	290,873,602	Fully paid ordinary shares
Number	+Class				
290,873,602	Fully paid ordinary shares				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	500,000	Options exercisable at 30 cents and expiring 31 January 2013
	500,000	Options exercisable at 30 cents and expiring 1 July 2014
	1,000,000	Options exercisable at 40 cents and expiring 31 January 2014
	500,000	Options exercisable at 40 cents and expiring 1 July 2015
	2,700,000	Options exercisable at 30 cents and expiring 27 April 2014
	2,700,000	Options exercisable at 30 cents and expiring 27 April 2015
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change.	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 New Share for every 5 Existing Shares held by Eligible Shareholders as at the Record Date
14 +Class of +securities to which the offer relates	Fully paid ordinary shares

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15	+Record date to determine entitlements	5.00pm WST on Friday, 2 March 2012
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Rounding down
18	Names of countries in which the entity has +security holders who will not be sent new issue documents	All countries other than Australia, New Zealand and any other country with shareholders to whom the Company may make the Offer.
	Note: Security holders must be told how their entitlements are to be dealt with.	
	Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	5.00pm WST on Thursday, 22 March 2012
20	Names of any underwriters	Indian Ocean Capital ACN 051 227 877 and any sub-underwriters that may be appointed in accordance with the Underwriting Agreement
21	Amount of any underwriting fee or commission	<ul style="list-style-type: none"> • 5% of the gross amount raised under the Offer, given the Offer is fully underwritten this equates to \$143,436.80. • 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. • 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 to be paid at the discretion of the holder of the Partly Paid Shares, such payment to qualify the Partly Paid Shares Share as Shares in respect of which the Company will apply for quotation on ASX. • An underwriting fee of \$25,000 plus reasonable out of pocket expenses.

+ See chapter 19 for defined terms.

22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Tuesday, 6 March 2012
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A

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33 +Despatch date

Friday, 30 March 2012

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company Secretary)

Date: 23 February 2012

Print name: Roslynn Shand

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