



AGREEMENT ON STRATEGIC PLACEMENT TO MAWSON WEST LTD TO RAISE \$3.8 MILLION

FUNDING TO ADVANCE BFS AND EXPLORE REGIONAL TENEMENT HOLDING

Key Points

- *Two tranche share placement at 6.5 cents per share to raise \$3.8 million subject to completion of due diligence by Mawson West*
- *Mawson West to acquire strategic stake of 19.9% subject to shareholder approval of Tranche 2 Placement*
- *Funding to advance BFS and investigate regional exploration targets within Avalon's extensive tenement holding in northern Sweden*
- *Strategic Alliance between Avalon and Mawson West to cover technical assistance, business development, mining, metallurgy and marketing*

Australian-based minerals company Avalon Minerals Limited (**Avalon** or **the Company**) is pleased to advise that it has finalised an agreement with Mawson West Ltd for a share placement to raise \$3.88 million.

The Agreement is subject to completion of Due Diligence by Mawson West and consists of a placement of Avalon shares to be conducted in two tranches.

Tranche 1 comprising approximately 35.8 million shares at 6.5 cents per share will be completed within the Company's 15% placement capacity under ASX Listing Rule 7.1. Tranche 2 comprising approximately 23.8 million shares at 6.5 cents per share is subject to approval by Avalon shareholders.

If Tranche 2 is approved Mawson West will hold 19.9% of Avalon's total issued capital after completion of the transaction.

The funds raised from the placement will be utilised to advance the Viscaria Bankable Feasibility Study (BFS) and to explore Avalon's extensive regional tenement holding to the north of the Company's Viscaria Project in northern Sweden.

Key Agreement Details

The Subscription Agreement is subject to Due Diligence of Avalon by Mawson West which is expected to be completed by 31 December 2011.

The issue price of 6.5 cents per share represents the average traded price of Avalon shares over the previous 10 trading days prior to the calling of the current trading halt.

Following completion of the Tranche 1 Placement

- The parties will form a strategic alliance encompassing technical assistance, business development, mining, metallurgy and marketing to assist Avalon in advancing its projects.
- Avalon will appoint a person nominated by Mawson West as a director of Avalon

Completion of the issue of the Tranche 2 Placement Shares is conditional upon Avalon shareholder approval at a meeting to be called following the completion of the Tranche 1 Placement and subject to obtaining the necessary ASX waiver an anti-dilution right will be granted by Avalon to Mawson West for a period of 2 years following the completion of the Placement.

The Placement is subject to all normal warranties and governing law.

Commenting upon the Placement Avalon's Chairman Mr David McSweeney said "The proposed cornerstone investment by producing copper company, Mawson West Ltd combined with the strategic alliance will assist Avalon to achieve its goals of developing the Viscaria copper project and exploring for further copper and iron ore deposits in northern Sweden. We look forward to finalising the transaction and to working with the experienced team at Mawson West."

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

Avalon Minerals Ltd – Overview

Avalon has two project areas in Sweden - the Viscaria Project, located approximately 1,200km north of the Swedish capital Stockholm, and the Adak Project located 400km south of Viscaria. Both projects were acquired from Phelps Dodge Exploration Sweden AB, a subsidiary of global mining giant Freeport-McMoRan Exploration Corporation. The Viscaria Project is located adjacent to road, rail and electricity infrastructure and a short distance from the regional mining centre of Kiruna which has a population of 20,000 people.

The Kiruna region is regarded as an Iron Oxide Copper Gold (IOCG) province. Viscaria lies within 4km of LKAB's giant Kirunavaara Iron Ore Mine (Europe's largest iron ore mine and the world's second largest underground mine) and 80km north of Boliden's Aitik Copper Mine (Europe's largest open cut mine). Both deposits are considered to be world class with past production and current resources totalling over 2 billion tonnes and 1 billion tonnes respectively.

In May 2010 the Company expanded its regional land holding to 650 square km following recognition of the iron ore potential of the D Zone style of mineralisation and applied for four new tenements to the north of the Viscaria Project covering the Kurravarra, Karkejaure and Vittangijarvi targets all of which are prospective for both copper and iron ore mineralisation.

In October 2010 Avalon commenced a substantial drilling and development program associated with the Bankable Feasibility Study (BFS) of the Viscaria project. The BFS was recently suspended pending funding.

Mawson West Ltd – Overview

Mawson West Ltd is an Australian-based copper producer, developer and explorer listed on the Toronto Stock Exchange.

Mawson's focus is on the DRC, and its major asset is its 90% ownership of Anvil Mining Congo SARL, which is being renamed CMCC SARL ("CMCC"). The tenements held by CMCC, comprise 7,300 square km of contiguous tenure and encompasses multiple copper exploration targets as well as the Company's two main projects; the Dikulushi copper-silver mine and the Kapulo copper exploration and development project. The tenements held by CMCC are governed by the Dikulushi Mining Convention.

Mawson's principal objectives are to expand copper production at the Dikulushi Mine, commence copper production at the Kapulo Project and further explore the area governed by the Dikulushi Mining Convention to identify new targets.

Mawson is also investigating other opportunities in the DRC and elsewhere which have the capacity to increase the Company's production of copper and other metals.

Further Information

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