

## ASX / Media Release

23 February 2012

### FULLY UNDERWRITTEN NON-RENOUNCEABLE, PRO-RATA RIGHTS ISSUE

Further to Avalon Minerals Ltd's (Company) announcement on 13 February 2012 (First Announcement), the Company is pleased to announce further information on the fully underwritten, non-renounceable pro-rata rights issue it will be undertaking (Rights Issue or Offer).

The Rights Issue will be an offer of 47,812,267 new fully paid ordinary shares (New Shares) on the basis of one (1) New Share for every five (5) shares held (Entitlement) by Eligible Shareholders (defined below) on the Record Date (Existing Shares), at a price of \$0.06 per New Share to raise up to AU\$2,868,736.00 (before the costs of the issue).

Holders of shares in the Company with a registered address in Australia or New Zealand as well as any other foreign shareholders to whom the Company may make the Offer as at 5:00pm (WST) on 2 March 2012 (Record Date) will be eligible to participate in the Rights Issue (Eligible Shareholders).

The Rights Issue is being conducted in accordance with section 708AA of the *Corporations Act (Cth) 2001 (Act)* which means it is a disclosure exempt offering and the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. However, the Company has prepared a document explaining the Rights Issue in more detail (Offer Document).

The Offer Document will be lodged with the ASX on or before 6 March 2012 and will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on 6 March 2012. A copy of the Offer Document will also be available for review on ASX's website ([asx.com.au](http://asx.com.au)) and on the Company's website ([www.avalonminerals.com.au](http://www.avalonminerals.com.au)) after it is lodged with ASX.

#### Use of proceeds from the Rights Issue

The Company will use the funds raised under the Rights Issue to:

- 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 determine 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; and
- replenish working capital.

The Rights Issue is fully underwritten by Indian Ocean Capital Pty Ltd ACN 051 227 877 (**Underwriter**) and under the terms of the underwriting agreement between the Company and the Underwriter (**Underwriting Agreement**), the Underwriter may in consultation with the Company procure sub-underwriters to sub-underwrite a portion of the New Shares as the Underwriter thinks fit.

Further information on the Underwriting Agreement will be set out in the Offer Document.

### Overview of the Rights Issue

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 the date of the First Announcement 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.

New Shares issued under the Rights Issue will rank equally with Existing Shares of the Company.

The Entitlements are non-renounceable and Eligible Shareholders cannot renounce, sell, transfer or deal with all or any part of their Entitlements which they do not accept.

Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

### Shortfall

Any New Shares not taken up by Eligible Shareholders (**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; or
- any other parties selected by them.

Pursuant to Listing Rule 7.2 (exemption 2), any allocation of the Shortfall Shares 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.

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.

## Timetable

The current proposed timetable for the Rights Issue is set out below. These dates are indicative only and the Company in consultation with the Underwriter, reserves the right to vary the dates (subject to the Corporations Act and the ASX Listing Rules).

Activity	Date
Lodge Appendix 3B and Offer details	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	5pm (WST), 2 March 2012
Offer Document and Entitlement and Acceptance Form dispatched to Shareholders	6 March 2012
Offer Opens	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 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 please visit [www.avalonminerals.com.au](http://www.avalonminerals.com.au) or contact:**

Mr Jeremy Read  
Managing Director  
Avalon Minerals Limited  
Tel: (08) 9322 2752  
Mob: 0409 484 322