

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.

Roslynn Shand
Company Secretary
Avalon Minerals Limited

ASX: AVI

REGISTERED OFFICE

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ASX ANNOUNCEMENT

5 AUGUST 2014



AVALON
MINERALS LTD

Issue of ordinary shares

Notice given under Section 708A(5) of the Corporations Act

Further to the announcement on 28 July 2014, Avalon Minerals Limited (**Avalon**) has on 5 August 2014 issued 233,750,000 fully paid ordinary shares at an issue price of \$0.008 per share to sophisticated and professional investors as part of a share placement.

The Company gives notice that:

- (a) The shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) This notice is given under section 708A(5)(e) of the Corporations Act;
- (c) As at the date of this notice, Avalon has complied with:
 - i) the provisions of Chapter 2M of the Corporations Act as they apply to Avalon; and
 - ii) section 674 of the Corporations Act as it applies to the Company; and
- (d) As at the date of this notice, there is no information that is “excluded information” of the type referred to in section 708A(7) and 708A(8) of the Corporations Act.

Roslynn Shand
Company Secretary
Avalon Minerals Limited

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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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

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 | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 233,750,000 |
| 3 | Principal terms of the +securities (e.g. 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 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date 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>Ordinary shares – Yes</p>
<p>5 Issue price or consideration</p>	<p>\$0.008</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Placement to progress the Company's Viscaria Copper-Iron Project in Sweden and for working capital</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>29 November 2013</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>113,389,511</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>120,360,489</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	<p>Yes Issue date 5 August 2014 15 day VWAP calculated as \$0.00957 75% = \$0.00717 Source: Morgans Stockbroking</p>	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p>67,151,222 shares - Listing Rule 7.1 Nil - Listing Rule 7.1A (refer Annexure 1)</p>	
7	+Issue dates <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.</small>	5 August 2014	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,437,354,886	Fully paid ordinary shares

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	500,000	Options exercisable at 30 cents and expiring 1 July 2014
	26,000,000	Options exercisable at 5 cents and expiring 30 September 2015
	4,450,000	Tranche 1 – vest upon the closing price of the Shares being \$0.12 or more for 10 consecutive ASX trading days
	6,675,000	Tranche 3 – vest upon the closing price of the Shares being \$0.30 or more for 10 consecutive ASX trading days
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change	

Part 2 - Pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	N/A
13 Ratio in which the +securities will be offered	N/A
14 +Class of +securities to which the offer relates	N/A
15 +Record date to determine entitlements	N/A
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17 Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
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 offer documents will be sent to persons entitled	N/A
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

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

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

N/A

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

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A				
39	+Class of +securities for which quotation is sought	N/A				
40	<p>Do the +securities rank equally in all respects from the +issue date 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 	N/A				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 2px;">Number</th> <th style="width: 50%; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">N/A</td> <td style="padding: 2px;">N/A</td> </tr> </tbody> </table>	Number	+Class	N/A	N/A
Number	+Class					
N/A	N/A					

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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 is not available now, we 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:Date: 5 August 2014
(Company secretary)

Print name: Roslynn Shand
=====

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	180,540,733
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 - • Under rule 7.1A - • With security holder approval under rule 7.1 or rule 7.4 113,389,511 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	113,389,511
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	180,540,733
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	113,389,511
<p>Total [“A” x 0.15] – “C”</p>	<p>67,151,222</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,203,604,886
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	120,360,488
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	120,360,488 (5 August 2014)
“E”	120,360,488

+ See chapter 19 for defined terms.

Appendix 3B
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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	120,360,488
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	120,360,488
Total ["A" x 0.10] – "E"	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.