

16 October 2015

ASX ANNOUNCEMENT



ASX: AVI

REGISTERED OFFICE

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SHARE PLACEMENT AND NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001 AS MODIFIED BY ASIC CLASS ORDER 08/35

This notice is given by Avalon Minerals Ltd (**Company** or **Avalon**) under section 708AA(2)(f) of the Corporations Act 2011 (Cth) (**Act**) as modified by Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

Where applicable, references in this notice to sections of the Act are to those sections as modified by CO (08/35).

Avalon has today announced a share placement of 14,851,852 shares to sophisticated investors at a price of \$0.027 per share to raise approximately A\$0.4 million. The company has also announced a non-renounceable, pro rata, rights issue (**Rights Issue**).

The Rights Issue will be an offer of new fully paid ordinary shares (**Rights Issue Shares**) on the basis of one (1) Rights Issue Share for every two (2) shares held (**Entitlement**) by Eligible Shareholders (defined below) on the Record Date (defined below) (**Existing Shares**), at a price of \$0.027 per Rights Issue Share (**Issue Price**). Based on the current shares on issue a total of 127,585,665 Rights Issue Shares will be offered to raise up to approximately A\$3.4 million (before costs of the Rights Issue).

Holders of shares in the Company on 26 October 2015 (**Record Date**) will be eligible to participate in the Rights Issue (**Eligible Shareholders**). The Company will also make available a shortfall facility to enable Eligible Shareholders to subscribe for additional shares from any shortfall under the Rights Issue if they wish to do so.

The Company confirms that:

1. The Rights Issue and Placement Shares will be offered for issue without disclosure under Part 6D.2 of the *Corporations Act 2001* (Cth) (**Act**).
2. This notice is being given under section 708AA(2)(f) of the Act in compliance with the requirements of sub-section 708AA(7) of the Act.
3. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act; and
 - (b) section 674 of the Act,

as they apply to the Company.

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4. As at the date of this notice, the Company confirms that it has no excluded information (as that term is defined in section 708AA(8) of the Act) to disclose.
5. The potential effect the Rights Issue will have on the control of the Company is as follows:
 - (a) if all shareholders take up their Entitlements under the offer then the Rights Issue will have no effect on the control of the Company;
 - (b) if all shareholders do not take up their Entitlements the resultant shortfall may be taken up by any shareholder who has applied for additional shares in excess of their Entitlement under the Shortfall Offer. The Directors have the discretion to determine any final allocations under the Shortfall Offer, having regard to the allocation principles set out, the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws;
 - (c) the options that the Company currently has on issue (Options) are not expected to be exercised prior to the Record Date as the exercise price for these Options exceeds the Issue Price and the last closing share price prior to the date of this announcement of \$0.028 per share, therefore the Options are expected to have no effect on the Rights Issue or the control of the Company.
 - (d) the Performance Rights (Tranche 1 and Tranche 3) that the Company currently has on issue (PR's) are not expected to vest prior to the Record Date as the vesting conditions are unlikely to be met by that time, therefore the PR's are expected to have no effect on the Rights Issue or the control of the Company.

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Signed for and on behalf of the Company:

Gavin Leicht
Company Secretary
Avalon Minerals Limited

For further information please visit www.avalonminerals.com.au or contact:

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