

16 October 2015

ASX ANNOUNCEMENT



ASX: AVI

REGISTERED OFFICE

Avalon Minerals Ltd
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SHARE PLACEMENT AND NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE

Summary

- Placement of shares at A\$0.027 to raise approximately A\$0.4 million;
- 1 for 2 non-renounceable pro-rata rights issue to raise up to A\$3.4 million (before the costs of the issue) at an offer price of A\$0.027 per new share;
- Proceeds from the Fund Raising will be primarily used by the Company to:
 - Fund ongoing work required for completion of the scoping study on the Company's Viscaria Copper Project in Sweden, including drilling costs to update the Mineral Resource Estimate, and progressing the Environmental and Social Impact Assessment;
 - fund corporate running costs and replenish working capital; and
 - Investigate and advance business development opportunities for the Company to deliver shareholder growth.

Avalon has received commitments to place additional shares from its available placement capacity with existing sophisticated investors at a price of A\$0.027 per Share to raise approximately A\$0.4 million.

Avalon is also pleased to announce that it will be undertaking a non-renounceable pro-rata rights issue (**Rights Issue** or **Offer**) to raise up to A\$3.4 million (before the costs of the issue) from its existing shareholders.

Rights Issue Details

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 (**Existing Shares**), at a price of A\$0.027 per Rights Issue Share (**Rights Issue Price**).



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Based on the current shares on issue (assuming the completion of the placement prior to the Record Date) a total of 127,585,665 Rights Issue Shares will be offered to raise up to A\$3.4 million (before the costs of the issue).

The Rights Issue Price represents a discount of 3.7% to the last closing price of the Company's shares prior to the date of this announcement. The volume weighted average price for the Company's shares on the ASX over the 90 trading days preceding the date of this announcement was \$0.029.

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

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 Rights Issue is non-renounceable meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

Eligible Shareholders may choose to accept all or part of their Entitlement or none at all. Entitlements of Eligible Shareholders which are not taken up will lapse upon the close of the Rights Issue.

The Rights Issue is being conducted in accordance with section 708AA of the Corporations Act (Cth) 2001 (**Act**) which means the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. 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 28 October 2015 and will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on that date. A copy of the Offer Document will also be available for review on ASX's website (www.asx.com.au) and on the Company's website (www.avalonminerals.com.au) after it is lodged with ASX.

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Use of proceeds from the Rights Issue

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

- Fund ongoing work required for completion of the scoping study on the Company's Viscaria Copper Project in Sweden, including drilling costs to update the Mineral Resource Estimate, and progressing the Environmental and Social Impact Assessment;
- fund corporate running costs and replenish working capital; and
- investigate and advance business development opportunities for the Company to deliver shareholder growth.

Timetable

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

Activity	Business Day	Date
Announcement of Offer, Lodge Appendix 3B and Section 708AA Cleansing Notice	0	Fri, 16 Oct 2015
Dispatch of notices to Shareholders and Option holders informing them of Rights Issue	1	Mon, 19 Oct 2015
Shares trade on an "ex" Entitlement basis*	4	Thu, 22 Oct 2015
Record Date for Entitlement to participate in the Rights Issue (5.00pm AEDT)	6	Mon, 26 Oct 2015
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to Shareholders and lodged with ASX	8	Wed, 28 Oct 2015
Closing Date for the Rights Issue (5.00pm AEDT)	16	Mon, 9 Nov 2015
Securities quoted on deferred settlement basis	17	Tue, 10 Nov 2015
ASX notified of under subscriptions	19	Thu, 12 Nov 2015
Issue of New Shares under the Rights Issue	20	Fri, 13 Nov 2015
Holding statements are dispatched to Shareholders	21	Mon, 16 Nov 2015

The above dates are indicative only and may change without notice. The Directors 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 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.*

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Placement

In addition to the Rights Issue Avalon has received commitments for the placement of 14,851,852 additional shares from its available placement capacity with existing sophisticated investors at a price of A\$0.027 per Share to raise approximately A\$0.4 million pursuant to section 708 of the Corporations Act. If any of these shares are placed before the Record Date for the Rights Issue the allottees will be entitled to participate in the Rights Issue. The maximum amount to be raised under the Rights Issue has assumed that the placement has been completed prior to the Record Date.

ABOUT AVALON

Avalon is an ASX listed mineral exploration company with high quality assets in Sweden, one of the leading metal producing countries in the European Union.

Avalon's flagship asset is the Viscaria Copper Project located 1,200km north of Stockholm where the Company has delineated a global resource of 54 million tonnes of copper mineralisation at 1.1% Cu, containing 604,000 tonnes of copper.

The Viscaria Project is surrounded by established infrastructure, lying immediately adjacent to LKAB's Kirunavaara Iron Ore operation and in close proximity to high-capacity rail and ports.

ABOUT SWEDEN

Sweden has a 1,000 year mining history, is the largest producer of iron ore in the European Union and is a leading producer of base metals (copper, zinc, lead) and precious metals (gold and silver).

There are excellent discovery opportunities, with much of the country underexplored by modern standards. Furthermore, Sweden possesses a world-class geological database and favourable minerals legislation, is politically and economically stable and has mining know-how, highly trained personnel and excellent infrastructure.

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

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