

12 January 2009

ASX ANNOUNCEMENT

PLACEMENT OF SHARES AND APPOINTMENT OF DIRECTOR

The board of Avalon Minerals Ltd (ASX:AVI) is pleased to announce that it has today resolved and issued 13,000,000 Ordinary shares at 10 cents per share as part of a placement of 20,000,000 shares approved by shareholders in General Meeting held on the 12 December 2008.

The shares were issued to Tan Sri Abu Sahid Bin Mohamed , a Malaysian investor, who is the Chairman and major shareholder of Perwaja Steel, Malaysia's largest steel group which produces some 1.5 million tonnes of steel annually.

Tan Sri Abu Sahid Bin Mohamed now becomes a strategic cornerstone investor in the Company.

Tan Sri Abu Sahid Bin Mohamed has accepted an invitation to join the board of Avalon as a Director commencing immediately. Mr McSweeney said that Tan Sri Abu Sahid Mohamed brings a wealth of corporate expertise and worldwide contacts to the board of Avalon.

The funds raised by the placement will be allocated towards advancing the Company's Viscaria copper project in Northern Sweden.

Managing Director, Mr McSweeney said that he was pleased to complete the 1st stage of the \$2m placement at a premium to the recent share price in a difficult climate for capital raisings.

David McSweeney
Managing Director

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

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 | 13,000,000 |
| 3 | Principal terms of the +securities (eg, 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

- 4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- 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

Yes

- 5 Issue price or consideration

10 cents per share

- 6 Purpose of the issue
 (If issued as consideration for the acquisition of assets, clearly identify those assets)

Working Capital
 As part of Placement approved by the General Meeting of Shareholders held on 12 December 2008.

- 7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

12 January 2009

- 8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)

Number	⁺ Class
55,038,750	Ordinary

⁺ See chapter 19 for defined terms.

9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>10,061,250</td><td>Ordinary Shares</td></tr><tr><td>3,900,000</td><td>20 cents options expiring 10 February 2010</td></tr><tr><td>5,600,000</td><td>40 cents options expiring 10 February 2009</td></tr><tr><td>800,000</td><td>20 cents options expiring 31 Jan 2010</td></tr><tr><td>125,000</td><td>25 cents options expiring 31 Jan 2010</td></tr><tr><td>1,075,000</td><td>40 cents options expiry 31 Jan 2010</td></tr><tr><td>300,000</td><td>30 cents options expiry 31 July 2011</td></tr></table>	Number	+Class	10,061,250	Ordinary Shares	3,900,000	20 cents options expiring 10 February 2010	5,600,000	40 cents options expiring 10 February 2009	800,000	20 cents options expiring 31 Jan 2010	125,000	25 cents options expiring 31 Jan 2010	1,075,000	40 cents options expiry 31 Jan 2010	300,000	30 cents options expiry 31 July 2011
Number	+Class																	
10,061,250	Ordinary Shares																	
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1,075,000	40 cents options expiry 31 Jan 2010																	
300,000	30 cents options expiry 31 July 2011																	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change																

Part 2 - Bonus issue or pro rata issue

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

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 18 Names of countries in which the entity has ⁺security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

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- 19 Closing date for receipt of acceptances or renunciations

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⁺ See chapter 19 for defined terms.

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 not available now, 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: .12 January 2009.....
(Company secretary)

Print name: Desmond Kelly.....

+ See chapter 19 for defined terms.

12 January 2009

Company Announcements
Australian Securities Exchange

Dear Sirs

Notice under Section 708A of the Corporations Act 2001

On 12 January 2009 Avalon Minerals Ltd ("**Company**") issued 13,000,000 fully paid ordinary shares ("**Shares**") as part of a placement approved by shareholders in General Meeting on the 12 December 2008.

The Company gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) ("**Act**") that:

- 1 the Company issued the Shares without disclosure to investors under Part 6D.2 of the Act;
- 2 as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act; and
- 3 as at the date of this notice, there is no information to be disclosed which is excluded information (as defined in section 708A(7) of the Act) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

Yours faithfully



Desmond J Kelly
Company Secretary
For and on behalf of
Avalon Minerals Ltd

Form 603

Corporations Act 2001

Section 671B

Notice of initial substantial holder

To Company Name/Scheme

AVALON MINERALS LTD.

ACN/ARSN

ACN 123 184 412

1. Details of substantial holder (1)

Name

ABU SAHID BIN MOHAMMED .

ACN/ARSN (if applicable)

—

The holder became a substantial holder on

12 / 01 / 09

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary .	13 million .	13 million	19.9693% .

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
ABU SAHID BIN	Direct .	Ord .
MOHAMMED .		13 million .

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
	— As above —		

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
ABU SAHID				
BIN MOHAMMED .		1.3 million .		Ord 13 million .

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
	— Not applicable —

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
ABU SAHID BIN MOHAMED	1001, JALAN BUKIT LEDANG OFF JALAN DUTA

50480 KUALA LUMPUR,
MALAYSIA

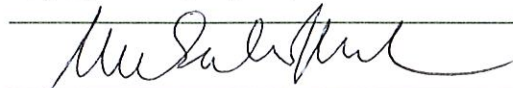
Signature

print name

ABU SAHID BIN MOHAMED

capacity

sign here



date

12 / 01 / 09

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.