

[Name of Shareholder]
[Address]
[Address]

21 December 2009

Dear Shareholder

RIGHTS ISSUE

As you may be aware, Avalon Minerals Ltd ("**Company**") is currently undertaking a non-renounceable rights issue pursuant to a prospectus dated 17 December 2009 ("**Prospectus**"). The Company expects that the rights issue will close on 5 February 2010.

The pro-rata non-renounceable rights issue is open to existing shareholders in Australia and New Zealand on the basis of 1 new share for every 7 shares held on the record date at an issue price of \$0.21 per new share to raise up to 3.5 million.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited ("**ASX Listing Rules**"), that it would be unreasonable to make offers under the Prospectus to all countries outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the rights issue to you.

Should you have any queries please contact Des Kelly on +61 (0)8 9322 2752.

Yours faithfully



David McSweeney
Chairman