

ASX ANNOUNCEMENT

18 October 2012

NOTICE OF ANNUAL GENERAL MEETING

Please find attached the following documentation as despatched to all shareholders of Avalon Minerals Limited ('Avalon' or 'Company').

1. Notice of Annual General Meeting and Explanatory Memorandum; and
2. Proxy Form

The Company's 2012 Annual Report has been despatched to those shareholders who requested a copy.

Electronic copies of the AGM material and the 2012 Annual Report are available on the Company's website.

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

Mr Jeremy Read - Managing Director
Avalon Minerals Limited
Tel: 07 3368 9888
Em: jeremy.read@avalonminerals.com.au
www.twitter.com/avalonminerals

Mr James Harris
Professional Public Relations
Tel: 08 9388 0944
Mob: 0400 296 547
Em: james.harris@ppr.com.au



**AVALON MINERALS LTD
ABN 68 123 184 412**

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

- Date of Meeting:** Thursday 15 November 2012
- Time of Meeting:** 10.00am (Brisbane time)
- Venue of Meeting:** Bounty Room
Level 1
Christie Conference Centre
320 Adelaide Street Brisbane
(Corner of Wharf and Adelaide Street)
Queensland

This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Company's 2012 Annual Report can be accessed on the Company's web site at www.avalonminerals.com.au or alternatively by requesting a hard copy from the Company Secretary.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 7 3368 9888.

Avalon Minerals Ltd

ABN 68 123 184 412

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Avalon Minerals Limited ACN 123 184 412 (**Company**) will be held at 10.00am (Brisbane time) on Thursday 15 November 2012 at Level 1, Bounty Room, Christie Corporate Centre, 320 Adelaide Street, Brisbane Queensland (**Meeting**).

Registration will commence just prior to the Meeting. To vote in person, attend the Annual General Meeting on the date and at the place set out above.

AGENDA

The business of the Meeting will be to consider the Resolutions set out below. Full details on the nature of the Resolutions are set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Capitalised terms are defined in the Glossary to this Notice of Meeting and Explanatory Memorandum.

This Notice of Meeting should be read in its entirety together with the Explanatory Memorandum and Proxy Form.

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive the financial report of the Company and its controlled entities for the year ending 30 June 2012 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2012.”

Note: the vote on this Resolution 1 is advisory only and does not bind the Directors or the Company. However, if 25% or more votes that are cast on Resolution 1 are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at that second annual general meeting on an additional resolution on whether another meeting should be held at which all of the Company’s Directors, other than the Managing Director, must stand for re-election. Please see the Explanatory Memorandum for further information.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a Key Management Personnel,
(Excluded Person).

However, the Company will not disregard any votes on this Resolution 1 if the Excluded Person votes as a proxy for a person who is entitled to vote and the vote is not cast on behalf of the Excluded Person described and either:

- (a) the Excluded Person is appointed as proxy and votes in accordance with the directions on the Proxy Form; or
- (b) the Excluded Person is the Chairman of the Meeting and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2: Re-election of Director – Mr Tan Sri Abu Sahid Bin Mohamed

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with article 13.2 of the Constitution, Mr Tan Sri Abu Sahid Bin Mohamed who retires by rotation and being eligible, be re-elected as a director of the Company."

4. Resolution 3: Election of Director – Mr Jeremy Read

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with the Constitution and the Listing Rules, Mr Jeremy Read who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company."

5. Resolution 4: Election of Director – Mr Paul Niardone

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with the Constitution and the Listing Rules, Mr Paul Niardone who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company."

6. Resolution 5: Election of Director – Mr Dato Siew Mun Chuang

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with the Constitution and the Listing Rules, Mr Dato Siew Mun Chuang who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company."

7. Resolution 6: Election of Director – Mr Siew Mun Wai

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with the Constitution and the Listing Rules, Mr Siew Mun Wai who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company."

8. Resolution 7: Election of Director – Mr Seng Han Gary Goh

To consider, and if thought fit, pass as an ordinary resolution the following:

"That, in accordance with the Constitution and the Listing Rules, Mr Seng Han Gary Goh who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company."

SPECIAL BUSINESS

9. Resolution 8: Approval of 10% Placement Facility

To consider, and if thought fit, pass as a **special** resolution the following:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued Shares (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast on this Resolution 6 by:

- (a) any person who may participate in the 10% Placement Facility and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, from the proposed issue if the Resolution is passed; and
- (b) any associate of those persons.

However, the Company will not disregard any votes cast on this Resolution 6 if:

- (a) it is cast by a person excluded from voting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

NOTE: Please refer to the Explanatory Memorandum accompanying this Notice of Meeting for further information regarding all of the above Resolutions.

ATTENDANCE AND VOTING AT THE MEETING

Voting entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that the Shareholders who are on the Company's share register at 10.00am (Brisbane time) on Tuesday 13 November 2012 (being not more than 48 hours before the Meeting) will be taken, for the purposes of the Meeting, to be entitled to attend and vote at the Meeting.

If you are not the registered holder of a relevant Share at that time, you will not be entitled to vote at the Meeting.

Voting at the Meeting

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast.

Every question arising at this Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with Constitution.

On a show of hands, every Shareholder who is present in person or by proxy, representative or attorney, will have one vote. Upon a poll, every person who is present in person or by proxy, representative or attorney will have one vote for each Share held by that person.

Proxies

A Shareholder who is entitled to attend and vote at the Meeting may appoint a person, who need not be a Shareholder of the Company, as the Shareholder's proxy to attend and vote on behalf of the Shareholder.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

A Proxy Form accompanies this Notice of Meeting. Should you wish to appoint a proxy, please complete the Proxy Form and return it to the Company at least 48 hours before the Meeting, **being no later than 10.00am (Brisbane time) on Tuesday 13 November 2012 to:**

- if by fax: Avalon Minerals Ltd on (07) 3368 9899 (from within Australia) or +61 7 3368 9899 (from outside Australia);
- if by delivery: Avalon Minerals Ltd, Level 1, 65 Park Road, Milton Qld 4064 Australia;
- if by mail: Avalon Minerals Ltd, Reply Paid 85538, Milton QLD 4064 Australia; Or
- if by email: ros.shand@avalonminerals.com.au. Please put the words "Avalon Proxy Form" in the subject line for easy clarification.

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each Resolution by marking either **For**, **Against** or **Abstain** on the voting form for that item of business.

Shareholders are requested to contact the Company Secretary on +61 7 3368 9888 if they have any queries in respect of the matters set out in these documents.

By order of the Board



Roslynn Shand
Company Secretary
16 October 2012

Avalon Minerals Ltd

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EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the Annual General Meeting. Shareholders should read this Explanatory Memorandum in full. This Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary section at the end of this Explanatory Memorandum. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

This Explanatory Memorandum is dated 16 October 2012.

SHAREHOLDER QUERIES

Shareholders with queries regarding anything in this Explanatory Memorandum should contact the Company Secretary, Roslynn Shand on (07) 3368 9888.

Shareholders with queries regarding their shareholding or voting entitlements should contact the Company's share registry as noted below:

Computershare Investor Services Pty Limited
ABN 48 078 279 277
117 Victoria Street
West End QLD 4101
GPO Box 523
Brisbane QLD 4001
Australia
Investor Enquiries: 1300 850 505
Telephone: +61 7 3237 2100
Fax: +61 3 9473 2555

RESPONSIBILITY OF INFORMATION

The information contained in this Explanatory Memorandum has been prepared by the Company and is the responsibility of the Company.

A copy of this Notice of Meeting and Explanatory Memorandum was lodged with the ASX pursuant to the Listing Rules. ASX nor any of its officers take any responsibility for the contents of this Notice of Meeting and Explanatory Memorandum.

ORDINARY BUSINESS

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report together with the declaration of the directors, the directors' report, the Remuneration Report and the auditors' report.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report can be found on its website at www.avalonminerals.com.au.

2. Resolution 1 – Adoption of Remuneration Report

2.1 Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

2.2 "Two Strikes"

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report of the company be adopted must be put to the shareholders. However, such a resolution is advisory only and will not bind the Directors or the Company.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2001* which came into effect on 1 July 2011, amended the Corporations Act to provide that shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution (**Spill Resolution**) on whether another meeting should be held (within 90 Days) (**Spill Meeting**), at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report, must cease to hold office immediately before the end of the Spill Meeting and must stand for re-election.

The approval threshold for the Spill Resolution is 50% or more of votes that are cast on the Spill Resolution.

The Company's Remuneration Report did not receive a strike at the 2011 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2013 annual general meeting, this may result in the re-election of the Board.

2.3 Proxies

Resolution 1 is an ordinary resolution.

The Corporations Act prohibits the Excluded Persons from voting on this Resolution 1. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

3. Resolution 2 – Re-election of Director – Tan Sri Abu Sahid Bin Mohamed

Under article 13.2 of the Constitution, one third of directors for the time being must retire from office at each annual general meeting of the Company. A director who retires in accordance with these requirements is eligible for re-election.

Accordingly, Tan Sri Abu Sahid retires from office as a Director of the Company, and being eligible, offers himself for re-election to the Board at this Meeting.

Tan Sri Abu Sahid, the Group Executive Chairman of successful Malaysian conglomerate, the Maju Group of Companies, has over 30 years of experience in the Malaysian construction and steel industries. His business interests have diversified well into Property Development & Management, Engineering, Services as well as Highway Concessions.

Tan Sri Abu Sahid is also the Executive Chairman of Perwaja Holdings Berhad, Malaysia's leading steel producer, and Ipmuda Berhad, a building materials specialist. Both companies are listed on the Malaysian Stock Exchange.

Tan Sri Abu Sahid is the Chairman of the Company.

The Board (excluding Tan Sri Abu Sahid Bin Mohamed) recommends that Shareholders vote in favour of Resolution 2.

4. Resolution 3 – Election of Director – Mr Jeremy Read

Mr Jeremy Read was appointed as Managing Director of the Company on 10 February 2012 (after last year's annual general meeting).

Under Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Accordingly, Jeremy is required to offer himself for election to the Board at this Meeting.

Jeremy has 25 years domestic and international minerals exploration and project development experience having worked in a wide variety of technical and management roles and on projects throughout Australia, Africa and India. He has extensive exploration experience for copper, nickel and lead-zinc sulphides. He was the founding managing director of two successful ASX-listed companies, Discovery Metals Limited and Meridian Minerals Limited.

Jeremy was the founding managing director of Discovery Metals Limited from its incorporation in May 2003, until his appointment as a non-executive director on 1 February 2008. Mr Read secured the Boseto Copper Project for the Discovery Metals Limited and was responsible for all Discovery Metals' fund raising activities and for listing Discovery Metals on the ASX, the Botswana Stock Exchange and the Alternative Investment Market in London. Jeremy was also the founding managing director of Meridian Minerals Limited and was responsible for obtaining the Lennard Shelf Lead-Zinc Project for Meridian Minerals Limited and negotiating the takeover of Meridian Minerals Limited by Northwest, China's fourth largest mining company, in December 2011.

Jeremy is also non-executive director, Discovery Metals Limited and non-executive director, Harmattan Gold Limited (non-listed).

The Board (excluding Mr Read) recommends that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Election of Director – Mr Paul Niardone

Mr Paul Niardone was appointed as a non-executive Director of the Company on 10 February 2012 (after last year's annual general meeting).

Under Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Accordingly, Mr Niardone is required to offer himself for election to the Board at this Meeting.

Paul is Chairman of the Company's Remuneration Committee and is a member of the Audit and Financial Risk Committee. He was the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in Western Australia. Paul was the founding Chairman of Bellevue Resources Limited and has experience in marketing and strategic planning in both the Government and private sectors. He is a member of the Australian Marketing Institute, the Institute of Management Consultants and the Institute of Company Directors.

The Board (excluding Mr Paul Niardone) recommends that Shareholders vote in favour of Resolution 4.

6. Resolution 5 – Election of Director – Dato Siew Mun Chuang

Dato Siew Mun Chuang (Phillip) was appointed as Deputy Chairman of the Company on 10 February 2012 (after last year's annual general meeting).

Under Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Accordingly, Phillip is required to offer himself for election to the Board at this Meeting.

Phillip is the Deputy Chairman of the Company and is a member of the Audit and Financial Risk Committee. Phillip is the Executive Chairman of Beau Heritage Sdn Bhd, a market leader in the food and beverage industry; a Director of Ipmuda Bhd, a leading steel products manufacturer; Perwaja Holdings Bhd a leading steel producer; and Kinsteel Bhd a leading steel products manufacturer, all based in Malaysia and listed on the Malaysian Stock Exchange. He had several years of audit experience with PriceWaterhouse early in his career, before venturing into business. Phillip was the former Managing Director and controlling shareholder of TT Resources Bhd, formerly listed on the Malaysian Stock Exchange.

The Board (excluding Dato Phillip Siew) recommends that Shareholders vote in favour of Resolution 5.

7. Resolution 6 – Election of Director – Mr Siew Mun Wai

Mr Siew Mun Wai (Edward) was appointed as a non-executive Director of the Company on 10 February 2012 (after last year's annual general meeting).

Under Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Accordingly, Edward is required to offer himself for election to the Board at this Meeting.

Edward is Chairman of the Company's Audit and Financial Risk Committee and a member of the Remuneration Committee. He is a Fellow of the Institute of Chartered Accountants in England & Wales and also a Chartered member of the Malaysian Institute of Accountants. Edward has held C-level and board positions in FMCG Beauty & Cosmetics, Pharmaceuticals and Specialty Chemicals multinationals, with over 3 decades of overseas working experience spanning 10 countries. Edward was most recently a Board member and CFO/COO of L'Oreal Australia and New Zealand.

The Board (excluding Mr Edward Siew) recommends that Shareholders vote in favour of Resolution 6.

8. Resolution 7 – Election of Director – Mr Seng Han Gary Goh

Mr Seng Han (Gary) Goh was appointed as a non-executive Director of the Company on 10 February 2012 (after last year's annual general meeting).

Under Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity. Accordingly, Gary is required to offer himself for election to the Board at this Meeting.

Gary is a member of the Company's Remuneration Committee. He is a mining engineer with over 17 years of mining experience and is currently working as the Underground Manager at Chalice Gold Mine for Alacer Gold. Gary has worked in management roles for Rio Tinto, BHP Billiton, Barrick Gold and Western Metals.

The Board (excluding Mr Gary Goh) recommends that Shareholders vote in favour of Resolution 7.

9. Resolution 8 – Approval of 10% Placement Facility

9.1 Purpose of resolution

The purpose of this Resolution 8 is to enable the Directors to issue Equity Securities up to 10% of the Company's issued share capital under Listing Rule 7.1A during the 12 month period following this Meeting (**10% Placement Period**), without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1 (**Placement Facility**).

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

The Board recommends that Shareholders vote in favour of this Resolution 8.

9.2 General information

Listing Rule 7.1A enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$28 million.

If Shareholders approve Resolution 8, the exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.3(iii) below).

9.3 Description of Listing Rule 7.1A

(i) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(ii) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice of Meeting, has on issue one class of Equity Securities, namely Shares.

(iii) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- d) less the number of fully paid shares cancelled in the 12 months.

Note that **A** has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(iv) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 330,852,797 Shares and therefore has a capacity to issue:

- a) 49,627,919 Equity Securities under Listing Rule 7.1; and
- b) subject to Shareholder approval being sought under this Resolution 8, 33,085,279 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.3(iii) (above)).

(v) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(vi) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

9.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to the approval of the 10% Placement Facility:

(i) Minimum Price

The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(ii) Risk of voting dilution

If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table in Appendix 1. There is a risk that:

- a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table in Appendix 1 shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

(iii) Date of issue

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 8 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(iv) Purpose of issue under 10% Placement Facility

The Company may seek to issue the Equity Securities for the following purposes:

- a) non-cash consideration for the acquisition of the new resources assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- b) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or other investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(v) Allocation under 10% Placement Facility

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- b) the effect of the issue of the Equity Securities on the control of the Company;
- c) the financial situation and solvency of the Company; and
- d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

(vi) Previous approval of 10% Placement Facility under Listing Rule 7.1A

The Company has not previously obtained shareholder approval under Listing Rule 7.1A.

9.5 Voting Exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

The Board believe that the resolution under Resolution 8 is in the best interests of the Company and unanimously recommends that shareholders vote in favour of this Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 8.

GLOSSARY

In this Explanatory Memorandum and the Notice of Meeting:

10% Placement Facility has the meaning given in the Explanatory Memorandum for Resolution 8.

10% Placement Period has the meaning given in the Explanatory Memorandum for Resolution 8.

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice of Meeting.

Annual Report means the annual report of the Company for the year ended 30 June 2012.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691.

Board means the current board of directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chairman means the chairman of the Board.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or **Avalon** means Avalon Minerals Ltd ACN 123 184 412.

Constitution means the constitution of the Company currently in force.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company as at the date of this Explanatory Memorandum.

Equity Securities includes a Share, a right to a Share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Memorandum means this explanatory memorandum that accompanies and forms part of the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Listing Rules means the Official Listing Rules of ASX.

Notice of Meeting means this Notice of Annual General Meeting including the Explanatory Memorandum and the Proxy Form.

Proxy Form means the proxy form that accompanies and forms part of the Notice of Meeting.

Remuneration Report means the remuneration report set out in the Director's Report section of the Annual Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

APPENDIX 1

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) an example where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) an example of the result of the issue price of ordinary securities decreasing by 50% and increasing by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.045 50% decrease in Issue Price	\$0.09 Issue Price	\$0.18 100% Increase in Issue Price
Current Variable A 330,852,797 Shares	10% Voting Dilution	33,085,280 Shares	33,085,280 Shares	33,085,280 Shares
	Funds raised	\$1,488,837	\$2,977,675	\$5,955,350
50% increase in current Variable A 496,279,195 Shares	10% Voting Dilution	49,627,920 Shares	49,627,920 Shares	49,627,920 Shares
	Funds raised	\$2,233,256	\$4,466,512	\$8,933,025
100% increase in current Variable A 661,705,594 Shares	10% Voting Dilution	66,170,559 Shares	66,170,559 Shares	66,170,559 Shares
	Funds Raised	\$2,977,675	\$5,955,350	\$11,910,700

The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The current Shares on issue are the Shares on issue as at the date of this Notice of Meeting.
- (ii) The current issue price is \$0.09, being the closing price of the Company's Shares on ASX on the date of this Notice of Meeting.
- (iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (iv) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (v) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (vii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (viii) The current shares on issue are the Shares on issue as at 15 October 2012.
- (ix) The issue price is \$0.09, being the closing price of the Shares on the ASX on 15 October 2012.

AVALON MINERALS LTD

ABN 68 123 184 412

PROXY FORM

By delivery:

Level 1, 65 Park Road
Milton Qld 4064

By post:

Avalon Minerals Ltd
Reply Paid 85538
Milton Qld 4064

By facsimile:

+61 7 3368 9899

By email

ros.shand@avalonminerals.com.au

ANNUAL GENERAL MEETING

Name

Address

being a member of Avalon Minerals Ltd entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Insert name and address of proxy (leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s)).

OR

the Chair of the Annual General Meeting as my/our proxy,

or failing the individual or body corporate named or, if no individual or body corporate is named, the Chairman of the Meeting, or the Chairman's nominee, to vote in accordance with the following directions (or if no directions have been given as the proxy sees fit) at the Annual General Meeting of Avalon Minerals Limited ACN 123 184 412 to be held at 10.00am (Brisbane time) on Thursday, 15 November 2012 at the Bounty Room, Level 1, Christie Corporate Centre, 320 Adelaide Street, Brisbane, Queensland and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on Resolution 1: If I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my our proxy in respect of Resolution 1, even though the Chairman is, and those items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Chairman intends to vote undirected proxies in favour: I/we acknowledge that if no directions are given, the Chairman of the Meeting will vote in favour of all the Resolutions in which the Chairman is entitled to vote undirected proxies.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice of Meeting as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Tan Sri Abu Sahid Bin Mohamed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Jeremy Read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director – Mr Paul Niardone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director – Dato Siew Mun Chuang (Phillip)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Mr Siew Mun Wai (Edward)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Mr Seng Han Gary Goh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Authorised signature/s: This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

NOTES FOR COMPLETION OF PROXY FORM

1. YOUR ADDRESS

This is the address that should appear on the Company's share register. Shareholders sponsored by a broker (in which case your reference number will commence with an 'X') should advise their broker of any change of address. **Please note you cannot change ownership of your securities using this Proxy Form.**

2. APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company. Do not write the name of the issuer company or the registered Shareholder in the space.

3. VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All of your Shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this Proxy Form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box;
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of Shares applicable to that Proxy Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (c) return both Proxy Forms together in the same envelope.

5. SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged that Power of Attorney with the Avalon share registry. If you have not previously lodged the Power of Attorney for notation, please attach the original or a certified copy of the Power of Attorney to this Proxy Form when you return it.

Companies: this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Shareholder or proxy is to attend the Meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

RECEIPT OF PROXIES

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address or fax number given below no later than 10.00 am on Tuesday, 13 November 2012. Any Proxy Form received after that time will not be valid for the Annual General Meeting.

Documents may be lodged:

IN PERSON: By delivery to Avalon Minerals Limited, Level 1, 65 Park Road, Milton Qld 4064 Australia.

BY MAIL: By mailing your Proxy Form to Avalon Minerals Limited, Reply Paid 85538, Milton Qld 4064 Australia.

BY FAX: By faxing your Proxy Form to 07 3368 9899 (from within Australia) or +61 7 3368 9899 (from outside Australia).

BY EMAIL: By scanning and emailing your Proxy Form to ros.shand@avalonminerals.com.au. Please put the words "Avalon Proxy Form" in the subject line for easy clarification.