

ASX ANNOUNCEMENT

6 September 2012

NOTICE OF GENERAL MEETING

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

1. Shareholder letter and Corporate Update;
2. Notice of General Meeting and Explanatory Statement; and
3. Proxy Form

An electronic copy of the Notice of Meeting material is 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

3 September 2012

Dear Shareholder

AVALON MINERALS LIMITED – GENERAL MEETING/CORPORATE UPDATE

On behalf of the board of Avalon Minerals Limited, I wish to invite you to a General Meeting of shareholders to be held at the Christie Corporate Conference Centre, Bounty Room, Level 1, 320 Adelaide Street, Brisbane, Queensland on **Monday, 8 October 2012 commencing at 10am.**

Please find enclosed the following documents in relation to the General Meeting:-

- Notice of Meeting and Explanatory Memorandum
- Proxy Form for the General Meeting together with instructions for completion

The two resolutions (if approved) will provide the Company with the flexibility to issue equity securities to raise funds for its ongoing operations and development. At this stage (and depending on the amount of funds raised) it is intended that the funds raised by issuing new securities will be used to:

- undertake drilling at the A and D Zone Mineral Resources on the Viscaria Copper Project in order to extend the existing Mineral Resources at both zones;
- complete drill testing of up to four regional exploration targets with the potential to host copper-iron-gold mineralisation;
- add to the working capital and administration costs for the Viscaria Copper Project;
- allow the Company to advance its corporate strategy of looking for value adding acquisition opportunities of copper-gold and copper-iron projects within Scandinavia;
- assist the Company with its ongoing expansion; and
- provide working capital to the Company generally.

The Directors recommend that you read all of the meeting documentation in full and commend the resolutions for your support.

If you are unable to attend the General Meeting in person, I urge you to complete and return the enclosed Proxy Form via the post or by facsimile, no later than 48 hours before the commencement of the meeting at 10am on Monday, 8 October 2012.

I look forward to meeting those shareholders who are able to attend the General Meeting.

I also take this opportunity to provide the following Exploration and Corporate Update on the progress that the new management team has made since February 2012 in developing the Company's flagship Viscaria Copper Project in Sweden.

Yours sincerely



Jeremy Read
Managing Director
Avalon Minerals Limited

ASX ANNOUNCEMENT

3 September 2012

2012 Exploration and Corporate Update

Highlights

Board of Avalon Minerals Limited restructured and a new management team appointed in February 2012;

- Rights Issue successfully completed raising \$2.86M at 6 cents per share, with 88% of shareholders participating, in March 2012.
- Placement completed raising a further \$3.6M at 9 cents per share, attracting new institutional investors onto the Avalon share register, in July 2012;
- Between April and July 2012, a four hole drill program was undertaken at the Viscaria Copper Project aiming to extend high-grade shoots of copper mineralisation outside the existing boundaries of the A and D Zone Mineral Resources;
- The four hole drill program was extremely successful intersecting high-grade copper and copper-iron mineralisation in all drill holes;
- Scoping Study initiated to determine the economics of a combined open pit and underground project at the Viscaria Copper Project in June 2012;
- Planning is well advanced for a large drill program, the objective of which is to significantly extend the known copper-iron mineralisation at the Viscaria Copper Project;
- Drill testing of a number of regional exploration targets will also occur during this drill program commencing in November 2012.

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to provide an update on its corporate activities and summarise progress during 2012 on its flagship Viscaria Copper Project in northern Sweden.

Corporate Activities

In February 2012, the Board of Avalon was restructured and a new management team lead by Jeremy Read, the ex-Managing Director of Discovery Metals Limited and Meridian Minerals Limited was appointed. The immediate goal of the new management team was to stabilise the capital base of the Company and to refocus activities on the Viscaria Copper Project ('Viscaria' or 'Project') to create shareholder value by extending the high-grade copper Mineral Resources and copper-iron Mineral Resources, at the A and D Zone prospects, respectively.

In March 2012, a successful Rights Issue was completed, raising \$2.86M at 6 cents per share. This Rights Issue was very well supported with 88% of Avalon's shareholders participating. In July 2012, a further Placement was completed, raising \$3.6M at 9 cents per share and attracting new institutional investors onto Avalon's share register.

The combined proceeds of the two capital raisings are being applied to:

- commence a regional exploration program including a Heli-EM survey;
- complete a Scoping Study to determine the economics of a combined open pit and underground mining operation at Viscaria;
- complete planning for a major resource extension drill program; and
- replenish the Company's working capital.

Progress on the Viscaria Copper Project

Immediately following its appointment, the new Avalon management team undertook a review of the Project (Figure One) and the surrounding regional exploration tenements. Avalon holds 720km² of ground prospective for copper, copper-gold and copper-iron mineralisation. The Project contains the A, B and D Zone Mineral Resources (Figure Two), which currently total 53.8Mt @ 1.0% Cu and is classified as having 22.6Mt @ 0.7% Cu Inferred, 15.2Mt @ 0.8% Cu Indicated and 16.0 Mt @ 1.6% Cu Measured, according to the guidelines of the JORC Code (2004).

Avalon's activities to date and into the future will be concentrated on the A and D Zone Mineral Resources. The current Mineral Resource for A Zone comprises 21.6Mt at 1.5% Cu, reported above a 0.4% copper grade cut-off and is classified as having 2.5Mt @ 1.5%Cu Inferred, 4.7Mt @ 1.2% Cu Indicated and 14.4Mt @ 1.7% Cu Measured according to the guidelines of the JORC Code (2004).

The current Mineral Resource for D Zone comprises 11.9Mt at 0.6% Cu and 24% Fe. The Mineral Resource is reported above a 15% mass recovery for magnetite and a 0.0% Cu grade cut-off and is classified as having 4.46Mt @ 0.49% Cu, 23.52% Fe Inferred, 6.1Mt @ 0.6% Cu, 24.82% Fe Indicated and 1.379Mt @ 0.48% Cu, 23.13% Fe Measured, according to the guidelines of the JORC Code (2004).

Following a review of the Project by Jeremy Read and the new management team, it was decided that rather than recommence the Viscaria Bankable Feasibility Study ('BFS'), which was suspended in August 2011, drilling would be undertaken with an objective of significantly increasing the A and D Zone Mineral Resources. Should this objective be achieved, then the BFS will be recommenced in the middle of 2013, with the Mineral Resource base for the Project significantly expanded.

Avalon's management decided to take a two-stage approach to expanding the Mineral Resources on the Project by completing a small initial drill program to test ideas relating to the extension of high-grade copper mineralisation, followed by a larger drill program to be commenced in November 2012. Knowledge gained from the initial drill program would be applied to the design of the larger drill program with the objective of greater success in targeting high-grade copper mineralisation.

The initial drill program comprised four holes, two drilled at the A Zone prospect and two drilled at the D Zone prospect.

Drill hole VDD0125, drilled at the A Zone prospect, intersected a succession of basaltic units and tuffaceous, volcanic sediments. There are several occurrences of shear zone hosted, mineralised veins primarily within tuffaceous, volcanic sediments between 450.4m and 469m. The mineralisation is characterised by chalcopyrite (copper sulphide) and pyrrhotite (iron sulphide). VDD0125 returned an intersection of 18.6m @ 1% Cu from 450.4m (down hole intersection), including 7.8m @ 1.9% Cu from 453.2m.

Drill hole VDD0127, drilled 1.2km south of hole VDD0125, intersected copper mineralisation over 42 metres down hole with similar characteristics as the copper mineralisation in VDD0125. The best copper mineralised interval, in VDD0127, comprised 6.5m @ 3.4% Cu from 767.5m (down hole).

Drill hole VDD0128, drilled at the D Zone Prospect, intersected copper-iron mineralisation over a broad 68.5m (down hole depth) interval from a depth of 177.0m. The chalcopyrite is characterised by disseminations, stringers and veins and is associated with skarn-like alteration. The magnetite (iron oxide mineralisation) is characterised by fine to coarse-grained disseminations that increase in abundance to massive magnetite in some zones. A high grade copper-mineralised interval extended 5.1m down hole from 189.9m and returned an intersection of 5.1m @ 2.1% Cu and 42% Fe. A second high grade copper interval extended 6.4m down hole from 216.0m and returned an intersection of 6.4m @ 1.8% Cu and 34.5% Fe. To follow up on the copper-iron intersection recorded in drill hole VDD0128, drill hole VDD0129 was drilled on the same section, 50m down-dip from drill hole VDD0128.

Drill hole VDD0129 intersected copper-iron mineralisation over a broad 88.3m (down hole width) interval from a depth of 229.7m. This mineralisation has two dominant copper enriched zones. The first copper zone extended 16.3m down hole from 229.7m and returned an intersection of 0.5% Cu and 24.4% Fe. The second copper zone extended 17.0m down hole from 300.0m and returned an intersection of 1.3% Cu and 23.3% Fe.

The drilling at D Zone indicated that the copper-iron mineralisation increases in thickness at depth and within the broad zone (68-88m thickness) of copper-iron mineralisation two high-grade zones of copper mineralisation occur. Both these features suggest that D Zone will have the potential to be mined using both open pit and underground methods, which ultimately should increase the amount of resources able to be economically extracted from D Zone.

All four holes, VDD0125, VDD0127, VDD0128 and VDD0129 (VDD0126 was abandoned due to drilling issues) completed as part of the initial drill program for 2012 (Table One), intersected significant intervals of copper mineralisation, which has increased Avalon's confidence to follow the higher grade intervals of copper mineralisation at depth at both the A and D Zones.

The success of the initial drill program indicates that Avalon's exploration team has a good understanding of the controls on the higher-grade copper mineralisation at Viscaria and hence the initial drill program was viewed as being successful. Developing the understanding of the control on the high-grade copper mineralisation is an important step prior to undertaking the larger drill program later in 2012, with the aim of significantly increasing the Mineral Resources on the Project.

Viscaria Scoping Study

The previous management team of Avalon completed a Pre-feasibility Study of the Project and then commenced a BFS. This study was suspended in August 2011, due to funding issues. Upon taking over management of Avalon, the new management team made the decision to not immediately recommence the BFS. Management determined that more shareholder value could be created over the medium term, by undertaking a drill program to extend the existing Mineral Resources at the A and D Zone prospects and conducting a Scoping Study into a combined open pit/underground mining operation at Viscaria. The BFS previously did not consider the potential of increasing copper production by mining underground the high-grade copper mineralisation at A Zone.

Avalon contracted Xstract Mining Consultants to undertake the Scoping Study. The Scoping Study is currently well advanced and the results from the study should be released during September 2012.

Heli-EM Survey

Surrounding the Mineral Resources at the A, B and D Zone prospects, Avalon has 720km² of exploration tenements covering geology prospective for the discovery of copper, copper-gold, copper-iron and iron deposits. During the past several years, Avalon has completed desktop studies and conducted some geological reconnaissance of this package of regional exploration tenements. This work has led to the identification of a number of prospects interpreted to be prospective for copper and copper-gold mineralisation. Prioritisation of the regional prospects has been based upon historical drilling, surface geochemical surveys and aeromagnetic data. Historical drilling has previously intersected copper mineralisation related to several aeromagnetic anomalies and in geology analogous to the rocks hosting the A, B and D Zone Mineral Resources. For example, at the Tjarro prospect historical drilling intersected 8m @ 1.7% Cu within a larger intersection of 15m @ 1.3% Cu (down hole width).

In order to assist with the prioritisation of the regional exploration targets and also to generate new targets, a Heli-EM survey was flown over the regional exploration tenements. A total of 1185 line/km of Heli-EM data was collected. Preliminary data has been delivered and final data is expected to be received by mid-September. The interpretation of the Heli-EM data will be integrated with the existing geological and geophysical data sets. Regional exploration targets will then be prioritised for drilling. It is expected that up to 4 regional exploration targets will be drill tested early in 2013.

Planning for Viscaria Resource Extension Drill Program

As a part of the Viscaria Scoping Study, Xstract Mining Consultants will estimate the increase to the Net Present Value ('NPV') of the Project due to increases in the Mineral Resources at the A and D Zone prospects. This quantification of potential NPV increases to the A and D Zone Mineral Resources will provide clear goals for a major drill program to be undertaken at the A and D Zone prospects, commencing in November 2012.

Currently, Avalon is estimating that 25,000 - 30,000m of drilling will be conducted at the A and D Zone prospects with the goal of significantly increasing both Mineral Resources. This drill program will take place during the northern hemisphere winter and is expected to be completed by May 2013. Updates on the drill program will be provided to the market as required.

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

Table One

A Zone VMS Copper Mineralisation

Hole	Easting (RT90)	Northing (RT90)	RL (m)	Azimuth (degrees)	Inclination (degrees)	From (down hole m)	To (down hole m)	Intersection Width (down hole m)	% Cu	End of Hole(m)
VDD00125	1,681,119	7,535,701	525.2	310	-65	451.0	468.0	18.6	1.0	503.9
						including				
						453.2	461.0	7.8	1.9	

VDD00127	1,680,995	7,535,479	533	314	-65	747.0	789.0	42.0	0.9	846.0
						including				
						767.5	773.0m	6.5	3.4	
						and				
						783.0	786.0	3.0	1.2	

D Zone Copper-Iron Skarn Mineralisation

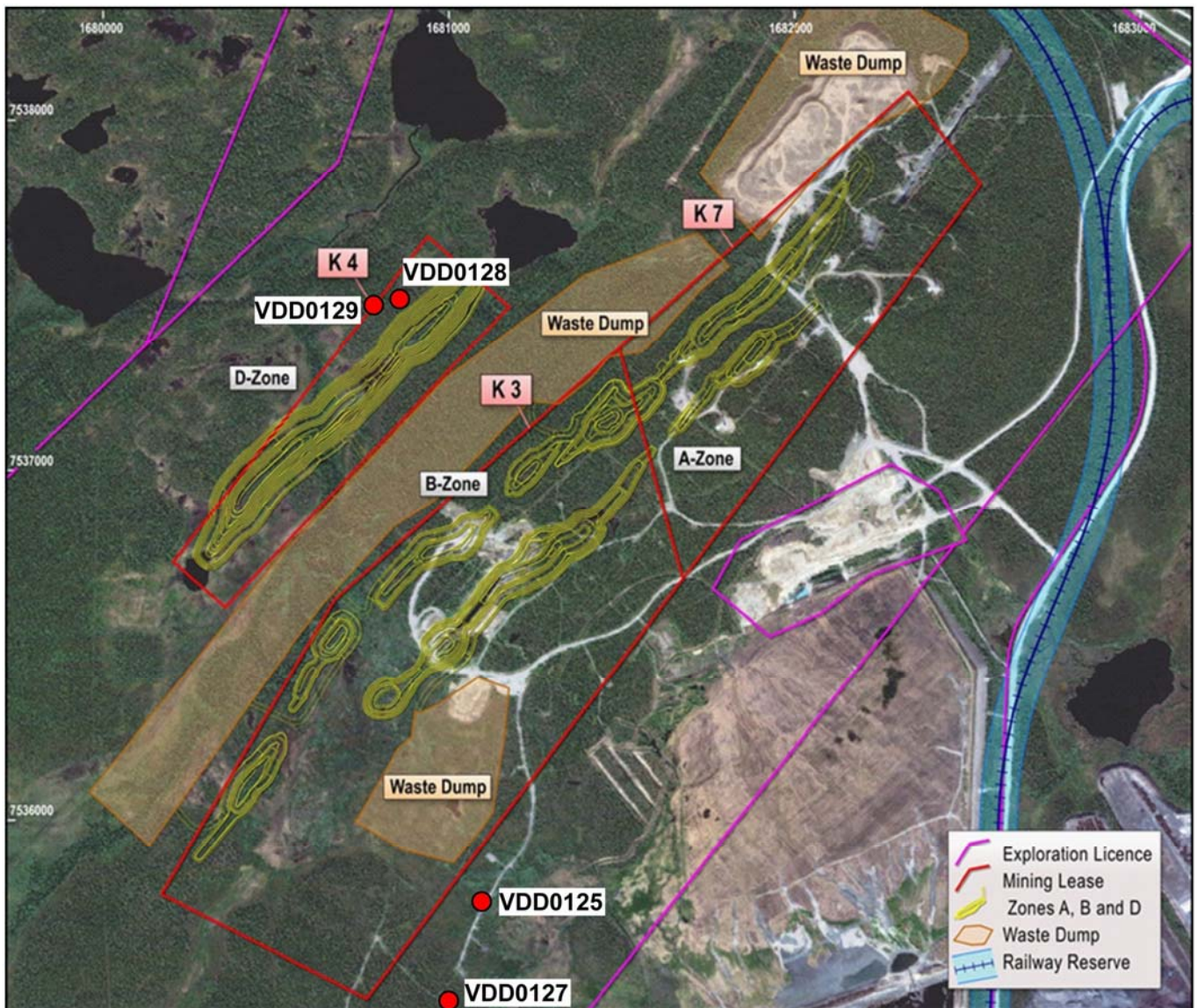
Hole	Easting (RT90)	Northing (RT90)	RL (m)	Azimuth (degrees)	Inclination (degrees)	From (down hole m)	To (down hole m)	Intersection Width (down hole m)	% Cu	% Fe	End of Hole(m)
VDD0128	1,680,854	7,537,470	510.8	134	-55	177.0	245.5	68.5	0.6	28.2	250.7
						including					
						189.9	198.0	8.1	1.5	39.2	
						and					
						216.0	224.0	8.0	1.5	33.0	

VDD00129	1,680,822	7,537,463	510.8	134	-60	229.7	318.0	88.3	0.4	21.9	348.0
						including					
						235.0	240.0	5.0	1.0	30.6	
						and					
						300.0	309.0	9.0	1.8	23.0	

Figure One - Project Location



Figure Two - Location of Drill Hole VDD0129, as well as previously announced holes VDD0125, VDD0127 and VDD0128



Competent Persons Statement

The information in this report that relates to Mineral Resources and exploration targets is based upon information reviewed by Mr Jeremy Read BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Read is a full time employee of Avalon Minerals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Read consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Mineral Resource estimate for A, B and D Zones was compiled and prepared by Dr Bielin Shi (MAusIMM, MAIG) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.



AVALON MINERALS LTD
ABN 68 123 184 412

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: Monday 8 October 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 professional adviser prior to voting.

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of Avalon Minerals Ltd ACN 123 184 412 (**Company**) will be held on Monday, 8 October 2012, commencing at 10.00am (Brisbane time) at the Bounty Room, Level 1, Christie Conference Centre, 320 Adelaide Street Brisbane (Corner of Wharf and Adelaide Street), Queensland.

Registration will commence just prior to the Meeting.

The business of the Meeting will be to consider the Resolutions set out below. Full details 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

RESOLUTION 1: Ratification of the previous issue of 39,979,195 Shares

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior allotment and issue of a total of 39,979,195 Shares at \$0.09 per Share on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution 1 by:

- any of the persons who participated in the issue of Shares identified in this Resolution; and
- any associate of those persons.

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

- 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
- 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.

Short Explanation: In accordance with the Listing Rules, if Shareholder approval is obtained with respect to a previous issue of securities that did not breach Listing Rule 7.1, that issue is treated as having been made with approval for the purposes of Listing Rule 7.1. This will enable the Company to give the Board flexibility to issue further securities up to the 15% Threshold over the 12 month period following approval of this Resolution. Please refer to the Explanatory Memorandum accompanying this Notice of Meeting for further information.

RESOLUTION 2: Approval to issue up to 70,000,000 New Shares

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of up to 70,000,000 New Shares on the terms and conditions set out in the Explanatory Memorandum.”

Short Explanation: A proposed equity issue can be pre-approved by Shareholders in accordance with the Listing Rules and provided the equity is subsequently issued in accordance with that approval and the Listing Rules, the equity will not count towards the Company's 15% Threshold. This allows the Company the flexibility to preserve its 15% Threshold. Please refer to the Explanatory Memorandum accompanying this Notice of Meeting for further details.

Voting exclusion: The Company will disregard any votes cast on this Resolution 2 by:

- any person who may participate in the proposed issue 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
- any associate of those persons.

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

- 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
- 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.

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 6 October, 2012 (being not more than 48 hours before the Meeting) will be taken, for the purposes of the General 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. All of the Resolutions at this Meeting are ordinary resolutions.

Every question arising at this General Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Company's 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 Saturday, 6 October 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; or
- if by mail: Avalon Minerals Ltd at PO Box 1565, Milton QLD 4064 Australia.

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.

By order of the Board

A handwritten signature in black ink, appearing to read 'Roslynn Shand', written in a cursive style.

Roslynn Shand
Company Secretary
29 August 2012

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the 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 29 August 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

Resolution 1 – Ratification of previous issue of 39,979,195 Shares

Background

Pursuant to ASX Listing Rule 7.4, this Resolution 1 seeks ratification by Shareholders of the issue of 39,979,195 Shares to the persons noted in the table below, issued on 12 and 13 July and 2 August 2012.

ASX Listing Rule 7.1 prohibits the Company (subject to certain exceptions such as pro-rata issues), from issuing or agreeing to issue equity securities representing more than 15% of its total issued securities, during a rolling 12 month period without Shareholder approval (**15% Threshold**).

ASX Listing Rule 7.4 allows an issue of equity securities, for which Shareholder approval was not first obtained, to not be counted towards the 15% Threshold when Shareholder approval for that issue is subsequently obtained.

That is, ASX Listing Rule 7.4 permits an issue of Shares to be approved retrospectively. It provides that an issue of securities is treated as having been made with Shareholder approval if ASX Listing Rule 7.1 was not breached at the time the securities were issued and Shareholders subsequently approve (ratify) the issue. The Company did not breach ASX Listing Rule 7.1 at the time the 39,979,195 Shares were issued.

By Shareholders approving this Resolution 1, the Board is given the flexibility to issue more equity securities up to the 15% Threshold over the next 12 month period. Once the issue of the 39,979,195 Shares to the persons noted in the table below is approved, these securities will not be counted for the purposes of the 15% Threshold.

Listing Rule Requirements

Details of the issue, as required by ASX Listing Rule 7.5 are as follows:

Required disclosure	
Number of securities allotted	1. 16,666,667 Shares to the First Allottee (defined below). 2. 23,312,528 Shares to the Second Allottee (defined below).
Issue price	9 cents per Share
Terms of the securities	The Shares were issued as fully paid ordinary shares ranking equally with existing Shares for which quotation on the ASX was sought.
Name of allottees or basis on which determined	1. First Allottee: Lim Heng Suan, a “sophisticated” investor under section 708(8) of the Corporations Act. 2. Second Allottee: The Shares were allotted to investors identified by the Company’s brokers, Patersons Securities Limited and Indian Ocean Capital and who fall within the definition of “sophisticated” or “professional” investors under sections 708(8) or 708(11) of the Corporations Act.
Use of funds	Proceeds from the equity raising will be applied to the following activities at Avalon’s Viscaria Copper Project in northern Sweden: <ul style="list-style-type: none">• commence a regional exploration program;• complete a scoping study currently underway to determine the economics of a combined open pit and underground mining operation;• complete planning for a major resource extension drill program; and• replenish the Company’s working capital.

None of the allottees who received Shares as explained above were related parties (as that term is defined under the Corporations Act) of the Company.

Recommendation: The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 – Approval for the issue of up to 70,000,000 New Shares

Background

This Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 70,000,000 Shares (**New Shares**) to investors under section 708 of the Corporations Act (**Investors**) by way of placement.

The issue price for the New Shares has not yet been determined; however the minimum price for the New Shares will be at least 80% of the average market price of the Company's Shares. The average will be calculated over the last five trading days prior to the day on which the issue is made.

At this stage (and depending on the amount of funds raised) it is intended that the funds raised by issuing the New Shares will be used to:

- (a) undertake drilling at the A and D Zone Mineral Resources on the Viscaria Copper Project in order to extend the existing Mineral Resources at both zones;
- (b) complete drill testing of up to four regional exploration targets with the potential to host copper-iron-gold mineralisation;
- (c) add to the working capital and administration costs for the Viscaria Copper Project;
- (d) allow the Company to advance its corporate strategy of looking for value adding acquisition opportunities of copper-gold and copper-iron projects within Scandinavia;
- (e) assist the Company with its ongoing expansion; and
- (f) provide working capital to the Company generally.

However, the Directors reserve the right to vary the application of funds raised by the issue of the New Shares in the best interests of the Company.

The Company is seeking Shareholder approval under Resolution 2, so that the New Shares offered to Investors does not count towards the 15% Threshold. If Shareholder approval is not obtained for Resolution 2, the Company may still issue the New Shares up to the maximum allowed under the 15% Threshold without Shareholder approval.

However, if Resolution 2 is approved, the effect will be that provided the New Shares are issued as set out in this Explanatory Memorandum no later than 3 months after the date of the Meeting, they will not count towards the Company's 15% Threshold.

Approval to issue the New Shares

The New Shares will be issued progressively but no later than 8 January 2013 (3 months after the date of the General Meeting).

The New Shares will be available to Investors that are identified by the Company or its brokers to fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act (for which no disclosure is required). The New Shares will be issued in accordance with the Listing Rules at an issue price that is at least 80% of the average market price of the Company's Shares. The average will be calculated over the last five trading days prior to the day on which the issue is made.

Listing Rule Requirements

In compliance with the requirements of Listing Rule 7.3, Shareholders are advised of the following information in relation to the proposed New Shares:

Required disclosure	
Maximum number of securities to be issued	Up to 70,000,000 New Shares.
Date by which the New Shares will be issued	The New Shares will be issued as soon as practicable after Shareholder approval is obtained and the issue price for the New Shares (as noted below) is received by the Company, but in any event for the purposes of relying on the Shareholder approval obtained for this Resolution, the New Shares will be issued no later than 3 months after this General Meeting (8 January 2013).

	<p>The Company is not bound to issue the maximum number of New Shares for which Shareholder approval is sought. The Company may, in its absolute discretion, issue such lesser number of New Shares as it may determine.</p> <p>The issue of New Shares may occur progressively, provided that any New Shares are issued no later than 3 months after the date of the General Meeting.</p>
Issue price	The issue price for the New Shares has not yet been determined; however the minimum price for the New Shares will be at least 80% of the average market price of the Company's Shares. The average will be calculated over the last five trading days prior to the day on which the issue is made.
Allottees	<p>New Shares will be allotted and issued to Investors that are identified by the Company or its brokers as an investor who qualifies for one or more of the exemptions specified in section 708 of the Corporations Act (for example "sophisticated investors" or "professional investors" within the meaning given by those terms under the Corporations Act).</p> <p>The Company reserves the right to pay any broker a commission on all monies raised from allottees introduced by the broker. As Shareholder approval is only being sought under this Resolution 2 for the purposes of Listing Rule 7.1, in accordance with Listing Rule 10.11 the New Shares cannot be issued to "related parties" of the Company as that term is defined by the Listing Rules. The term "related parties" includes (but is not limited) to the Directors and their spouses and entities controlled by the Directors.</p>
Terms of the securities	The New Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution.
Use of funds	<p>As outlined above, the intended use of the funds raised from the New Shares is to:</p> <ul style="list-style-type: none"> (a) undertake drilling at the A and D Zone Mineral Resources on the Viscaria Copper Project in order to extend the existing Mineral Resources at both zones; (b) complete drill testing of up to four regional exploration targets with the potential to host copper-iron-gold mineralisation; (c) add to the working capital and administration costs for the Viscaria Copper Project; (d) allow the Company to advance its corporate strategy of looking for value adding acquisition opportunities of copper-gold and copper-iron projects within Scandinavia; (e) assist the Company with its ongoing expansion; and (f) provide working capital to the Company generally.

Effect of the Resolution

Resolution 2, if passed, will allow the Company to issue up to 70,000,000 New Shares.

This issue of up to 70,000,000 New Shares will have a dilutive effect on the existing Shareholders. The exact dilutive effect will depend on whether the full 70,000,000 New Shares are allotted and issued. If the full 70,000,000 New Shares are allotted and issued, and assuming no Shares are issued or options exercised in the interim, the maximum dilutive effect will equate to 21.16% of the Shares on issue.

Accordingly, each existing Shareholder's percentage ownership in the Company will be reduced upon the issue of the New Shares, reducing the existing Shareholder's percentage ownership and their control over the affairs of the Company.

Recommendation: The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

Copies of the Notice of Meeting, the Explanatory Memorandum and Proxy Form were lodged with ASX before being sent to Shareholders.

Glossary

In this Explanatory Memorandum and the Notice of Meeting:

15% Threshold means the prohibition under Listing Rule 7.1, which prohibits the Company (subject to certain exceptions such as pro-rata issues), from issuing or agreeing to issue equity securities representing more than 15% of its total issued ordinary Shares, during a rolling 12 month period, without Shareholder approval;

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

Board means the 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;

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;

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

General Meeting or **Meeting** means the general meeting of the Company to be convened by the Notice of Meeting;

Listing Rules means the Official Listing Rules of ASX;

New Shares means the new Shares to be allotted and issued by way of placement in accordance with Shareholder approval given to Resolutions 2;

Notice of Meeting means the notice of general meeting dated 29 August 2012 which this Explanatory Memorandum accompanies and in which the Resolutions are set out;

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

Resolutions means the resolutions referred to in the Notice of Meeting;

Shares means fully paid ordinary shares in the Company;

Shareholder means a holder of Shares;

Viscaria Copper Project means the Company's Viscaria Copper Iron Ore Project located in Sweden.

AVALON MINERALS LTD
ACN 123 184 412
PROXY FORM

SHAREHOLDER/S NAME/S AND ADDRESS - PLEASE COMPLETE IN BLACK INK

Name/s:

Address/es:

I/we appoint as my/our proxy the person named below at the General Meeting of Avalon Minerals Ltd ("Company") to be held on Monday, 8 October, 2012 commencing at 10.00am (Brisbane time) at the Bounty Room, Level 1, Christie Corporate Centre, 320 Adelaide Street Brisbane in the State of Queensland and at any adjournment thereof.

APPOINTMENT OF PROXY:

I/We being a member of Avalon Minerals Ltd and entitled to vote and attend hereby appoint

<input type="checkbox"/>	The Chairman of the meeting (mark with an 'X')	OR		If you are not appointing the Chairman of the meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered security holder) you are appointing as your proxy.
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or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Avalon Minerals Ltd to be held on Monday, 8 October, 2012 commencing at 10.00am (Brisbane time) at the Bounty Room, Level 1, Christie Corporate Centre, 320 Adelaide Street, Brisbane in the State of Queensland and at any adjournment of that meeting.

VOTING DIRECTIONS TO YOUR PROXY – please mark to indicate your directions

X

No	RESOLUTION	FOR	AGAINST	ABSTAIN*
1	Ratification of the previous issue of 39,979,195 Shares			
2	Approval to issue up to 70,000,000 New Shares			

If you leave your proxy undirected with respect to any resolution and in favour of the Chairman (or if your appointed proxy fails to attend), then the Chairman will vote such proxies in favour of those Resolutions.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy: I/we wish to appoint a second proxy

<input type="checkbox"/>	Mark with an "X" if you wish to appoint a second proxy	AND	%	OR		State the percentage of your voting rights or the number of securities for this Proxy
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PLEASE SIGN HERE This section *must* be signed in accordance with the Signing Instructions overleaf to enable your directions to be implemented.

Individual or Security holder 1 <input style="width: 250px; height: 25px;" type="text"/> Individual/Sole Director and Sole Company Secretary	Security holder 2 <input style="width: 230px; height: 25px;" type="text"/> Director	Security holder 3 <input style="width: 230px; height: 25px;" type="text"/> Director/Company Secretary
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IMPORTANT – This Proxy Form (and any power of attorney under which it is signed) MUST be received no less than 48 hours before the proposed time for the meeting. Any Proxy Form received after that time will not be valid.

NOTES FOR COMPLETION OF PROXY FORM

1. YOUR ADDRESS

This is the address that should appear on the Company's share register. Security holders 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 security holder of the Company. Do not write the name of the issuer company or the registered security holder 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 securities 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 securities 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 securities 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 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 security holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders 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 security holder 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 10.00am on 6 October 2012. Any Proxy Form received after that time will not be valid for the 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, PO Box 1565, 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).