

13 January 2017

# ASX ANNOUNCEMENT



## NOTICE OF GENERAL MEETING

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

1. Notice of General Meeting
2. Explanatory Memorandum

A personalised Proxy form will also be provided with the meeting material.

An electronic copy of the Notice of Meeting material is available on the Company's website.

Yours faithfully

Gavin Leicht  
Company Secretary  
Avalon Minerals Limited

**For further information please visit [www.avalonminerals.com.au](http://www.avalonminerals.com.au) or contact:**

Mr Malcolm Norris  
Managing Director  
Avalon Minerals Ltd  
Tel: 07 3368 9888  
Email: [malcolm.norris@avalonminerals.com.au](mailto:malcolm.norris@avalonminerals.com.au)

**ASX: AVI**

### REGISTERED OFFICE

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**AVALON MINERALS LIMITED**  
**ACN 123 184 412**

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**NOTICE OF GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**PROXY FORM**

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**Date of Meeting**

Tuesday  
14 February 2017

**Time of Meeting**

2.00 pm  
(Qld time)

**Place of Meeting**

Avalon Minerals Limited  
Gardner House  
9 Gardner Close  
Milton Qld 4064

**NOTICE OF GENERAL MEETING  
AVALON MINERALS LIMITED  
ACN 123 184 412**

Notice is hereby given that a General Meeting of Shareholders of Avalon Minerals Limited (**Company**) will be held at 2.00 pm (Qld time) on Tuesday, 14 February 2017 at the registered office of Avalon Minerals Limited, Gardner House, 9 Gardner Close, Milton, Queensland.

**RESOLUTION 1: Ratification of prior issue of placement Shares under Listing Rule 7.1**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue and allotment of 73,450,000 Shares at an issue price of \$0.020 (2.0 cents) to the allottees as set out in the Explanatory Memorandum.”*

**RESOLUTION 2: Ratification of prior issue of placement Shares under Listing Rule 7.1A**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue and allotment of 52,050,000 Shares at an issue price of \$0.020 (2.0 cents) to the allottees as set out in the Explanatory Memorandum.”*

**RESOLUTION 3: Ratification of prior issue of Options under Listing Rule 7.1**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue and allotment of 5,000,000 Options to the allottees as set out in the Explanatory Memorandum.”*

**RESOLUTION 4: Approval to issue up to 7,500,000 new Options**

To consider and if thought fit, pass, with or without amendment, 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 7,500,000 new Options on the terms and conditions set out in the Explanatory Memorandum.”*

**RESOLUTION 5: Approval for – issue of placement Shares to Director - Mr Malcolm Norris**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 500,000 Shares at an issue price of \$0.020 (2.0 cents) to Mr Malcolm Norris (or his nominee), a director of the Company, as set out in the Explanatory Memorandum.”*

**RESOLUTION 6: Approval for – issue of placement Shares to Director - Mr Graham Ascough**

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

*“That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 500,000 Shares at an issue price of \$0.020 (2.0 cents) to Mr Graham Ascough (or his nominee), a director of the Company, as set out in the Explanatory Memorandum.”*

Please refer to the Explanatory Memorandum attached to the Notice of Meeting for more information on the Resolutions.

**DATED 6 JANUARY 2017  
BY ORDER OF THE BOARD  
AVALON MINERALS LIMITED  
Gavin Leicht  
Company Secretary**

## NOTES

### 1. 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 7.00 pm (Qld time) on 12 February, 2017 (being not more than 48 hours before the Meeting (Qld time)) 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.

### 2. 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 the Resolutions at this Meeting are ordinary resolutions.

Every resolution 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.

### 3. Voting Exclusion Statements

(a) Resolutions 1 to 3

The Company will disregard any votes cast on Resolutions 1 to 3 by:

- an Allottee who participated in the issue; and
- any associate of the Allottee (or those Allottees).

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

- It is cast by a person 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.

(b) Resolution 4

The Company will disregard any votes cast on Resolution 4 by a person (and their associates) who may participate in the proposed issue and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as a 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.

(c) Resolutions 5 and 6

The Company will disregard any votes cast on Resolutions 5 and 6 by a person who is to receive securities in relation to the Company and an associate of that person (or those persons).

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

- it is cast by a person 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.

#### 4. Proxies

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To be valid, the appointment of a proxy (made using a properly completed and executed Proxy Form) must be received by the Company no later than 2.00 pm (Qld time) on 12 February 2017.

Proxy Forms can be submitted by the below methods:

- (a) Online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and entering the 6 digit control number found on the front of the proxy form. Intermediary Online subscribers (Custodians) may lodge proxy instructions at [www.intermediaryonline.com](http://www.intermediaryonline.com);
- (b) by mail to Computershare Investor Services, GPO Box 242, Melbourne Victoria 3001; and
- (c) by facsimile 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

#### 5. Undirected proxies

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.

The Chair of the Meeting intends to vote all undirected proxy votes in favour of all Resolutions.

#### 6. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the General Meeting of Shareholders of Avalon Minerals Limited to be held on Tuesday, 14 February 2017. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Shareholders should read the Explanatory Memorandum in full. The Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

The 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 the Explanatory Memorandum are defined in the Glossary section at the end of the Explanatory Memorandum.

The information contained in this Explanatory Memorandum has been prepared by the Company and is the responsibility of the Company. Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 6 (inclusive).

## **RESOLUTIONS 1 and 2 – Ratification of the prior issue of placement Shares under Listing Rules 7.1 and 7.1A**

### ***Background***

Resolutions 1 and 2 seek ratification by Shareholders of the issue of 125,500,000 Shares to the Allottees set out below on 14 December 2016.

The Placement was undertaken under Listing Rule 7.1 and Listing Rule 7.1A as follows:-

- (a) 73,450,000 Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1; and
- (b) 52,050,000 Shares were issued under the Company's additional 10% placement capacity under Listing Rule 7.1A.

A summary of Listing Rule 7.1 is set out above.

Listing Rule 7.1A enables certain eligible entities to seek shareholder approval to issue equity securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution. This additional 10% placement capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The Company obtained approval from Shareholders to issue equity securities under Listing Rule 7.1A at the Company's last annual general meeting held on 16 November 2016.

A note to Listing Rule 7.4 provides that the issue of securities made under Listing Rule 7.1A can be ratified by shareholders under Listing Rule 7.4. If Shareholders ratify the issue of securities, the issue will not reduce the Company's placement capacity under Listing Rule 7.1A.

Accordingly, Resolutions 1 and 2 seek Shareholder approval for and ratification of the issue of:-

- (a) 73,450,000 Shares issued under the Company's annual 15% placement capacity under Listing Rule 7.1 (Resolution 1); and
- (b) 52,050,000 Shares issued under the Company's additional 10% placement capacity under Listing Rule 7.1A (Resolution 2),

under Listing Rule 7.4 to provide flexibility for the Company to issue equity securities under the 15% placement capacity under Listing Rule 7.1 and additional 10% placement capacity under Listing Rule 7.1A in the next 12 months without the requirement to obtain Shareholder approval.

**Listing Rule disclosure**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of Shares, the subject of Resolutions 1 and 2:

<i>Required disclosure</i>	
<i>Number of securities allotted</i>	Total of 125,500,000 Shares were issued, where: <ul style="list-style-type: none"><li>(i) 73,450,000 Shares were issued under the Company's annual 15% placement capacity under Listing Rule 7.1 (Resolution 1); and</li><li>(ii) 52,050,000 Shares were issued under the Company's additional 10% placement capacity under Listing Rule 7.1A (Resolution 2).</li></ul>
<i>Issue price</i>	\$0.020 (2.0 cents)
<i>Terms of the securities</i>	The Shares were issued as fully paid ordinary shares ranking equally with existing Shares, for which the Company sought quotation on the official list of the ASX on 14 December 2016.
<i>Names of Allottees</i>	The Shares were issued to the following parties on the following noted allocations: <ul style="list-style-type: none"><li>• 125,500,000 Shares to professional and sophisticated investor clients of Hartleys Limited</li></ul>
<i>Use of funds</i>	The funds raised pursuant to the Placement will be applied to: <ul style="list-style-type: none"><li>• Activities at the Company's Viscaria Copper Project in Sweden, including:<ul style="list-style-type: none"><li>○ Drilling targeted at extending known Mineral Resources;</li><li>○ Progressing the Environmental &amp; Social Impact Assessment Studies;</li><li>○ Progressing components of the Pre-Feasibility Study.</li></ul></li><li>• Other exploration activities on its Southern Finland Gold Project including geophysics and drilling to follow up previous high grade results; and</li><li>• Working capital, including corporate costs to manage the exploration program and costs of the offer.</li></ul>

**Recommendation:** The Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 2.

### **RESOLUTION 3 – Ratification of the prior issue of 5,000,000 new Options**

This Resolution seeks ratification by Shareholders of the issue of 5,000,000 Listed Options to the Allottee set out below on 14 December 2016, under Listing Rule 7.4 to provide flexibility for the Company to issue equity securities under the 15% placement capacity under Listing Rule 7.1 in the next 12 months without the requirement to obtain Shareholder approval.

The Placement was undertaken under the Company's annual 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

However, Listing Rule 7.4 provides that an issue of equity securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with shareholder approval for the purpose of Listing Rule 7.1 if:

- the issue did not breach Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

The issue of the Options did not result in the Company breaching the 15% limit referred to in Listing Rule 7.1. The issue of the Options does not therefore depend upon shareholders passing Resolution 3.

The purpose of Resolution 3 is to obtain shareholder approval for the purpose of Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the Options for the purpose of Listing Rule 7.4, the issue of the Options will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the Options for the purpose of Listing Rule 7.4, the issue of the Options will count towards the number of equity securities which the Company can issue in any 12 month period.

**Listing Rule disclosure**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of Shares the subject of Resolution 3:

<i>Required disclosure</i>	
<i>Number of securities allotted</i>	Total of 5,000,000 Options were issued under the Company's annual 15 % placement capacity under Listing Rule 7.1
<i>Issue terms</i>	<p>The issue price per Option is Nil.</p> <p>The terms of issue are as follows:</p> <ul style="list-style-type: none"> <li>• 5,000,000 Options</li> <li>• Exercise price of \$0.03 (3 cents) per option</li> <li>• Expiry date 31 August 2019.</li> </ul>
<i>Allottees</i>	Options issued to Hartleys Limited (or its nominee) as the broker for the capital raising referred to in Resolutions 1 and 2, and in lieu of cash fees for corporate advisory services provided by Hartleys, and 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).
<i>Terms of the securities</i>	<p>The material terms of the Options are:</p> <ol style="list-style-type: none"> <li>(a) The issue price per Option is Nil.</li> <li>(b) The exercise price per Option is \$0.03 (3 cents) per option (<b>Exercise Price</b>).</li> <li>(c) The Options are listed on the ASX (AVIO).</li> <li>(d) No performance conditions need to be satisfied before the Option holder can exercise the Options, other than payment of the Exercise Price.</li> <li>(e) Options are exercisable at the discretion of the Option holder, at any time on or before the expiry of the exercise period of 31 August 2019 (<b>Expiry Date</b>).</li> <li>(f) If the Option holder fails to exercise any Options registered in its name before the Expiry Date, those unexercised Options lapse and all rights in respect of those Options cease.</li> <li>(g) For each Option that is exercised, the Option holder will receive one fully paid ordinary share in the Company.</li> <li>(h) The Shares issued on the exercise of the Option will rank equally in all respects as from the date of issue of those Shares with all existing ordinary shares in the capital of the Company.</li> <li>(i) If the Shares are listed on ASX at the time of exercise, the Company will make application to ASX for official quotation of the Shares issued on the exercise of the Options in accordance with the ASX Listing Rules.</li> </ol> <p>Full terms and conditions of the Options are contained in Annexure A to this Explanatory Memorandum.</p>
<i>Use of funds</i>	<p>The issue of the Options will initially not raise any money.</p> <p>If all the Options are exercised, additional funds will be raised. The funds will be put towards the Company's general working capital requirements and exploration activities at the relevant time.</p>

**Recommendation:** The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

#### **RESOLUTION 4 – Approval to issue up to 7,500,000 new Options**

Listing Rule 7.1 sets out the basic prohibition on an entity issuing equity securities in any 12 month period which amount to more than 15% of its ordinary securities. An issue in excess of the 15% limit can be made with the approval of holders of ordinary securities.

This Resolution seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 7,500,000 Options (**New Options**) to Hartleys Limited (or its nominee) in lieu of cash fees for corporate advisory services provided by Hartleys, in accordance with the ASX announcement dated 7 December 2016.

The issue of New Options will not raise any funds initially. If all the New Options are exercised, additional funds will be raised. The funds will be put towards the Company's general working capital requirements and exploration activities at the relevant time.

The Company is seeking Shareholder approval under Resolution 4, so that the New Options offered to Hartleys Limited (or its nominee) does not count towards the 15% threshold. If Shareholder approval is not obtained for Resolution 4, the Company may still issue the New Options up to the maximum allowed under the 15% threshold without Shareholder approval.

However, if Resolution 4 is approved, the effect will be that provided the New Options 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 Options***

The New Options may be issued progressively but no later than 14 May 2017 (3 months after the date of the General Meeting).

The New Options will be available to Hartleys Limited (or its nominee) (for which no disclosure is required).

### ***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:

<b><i>Required disclosure</i></b>	
<i>Maximum number of securities to be issued</i>	7,500,000 New Options.
<i>Date by which the New securities will be issued</i>	<p>The New Options will be issued as soon as practicable after Shareholder approval is obtained, but in any event for the purposes of relying on the Shareholder approval obtained for this Resolution, the New Options will be issued no later than 3 months after this General Meeting (14 May 2017).</p> <p>The issue of New Options may occur progressively, provided that any New Options are issued no later than 3 months after the date of the General Meeting.</p>
<i>Issue terms</i>	<p>The terms of issue are as follows:</p> <ul style="list-style-type: none"><li>• Issue price – Nil</li><li>• 7,500,000 Options</li><li>• Exercise price of \$0.03 (3 cents) per option</li><li>• Expiry date 31 August 2019.</li></ul>
<i>Allottees</i>	<p>New Options will be allotted and issued to Hartleys Limited (or its nominee) as the broker for the capital raising referred to in Resolutions 1 to 3, and in lieu of cash fees for corporate advisory services provided by Hartleys, and 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>As Shareholder approval is only being sought under this Resolution 4 for the purposes of Listing Rule 7.1, in accordance with Listing Rule 10.11 the New Options 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>
<i>Terms of the securities</i>	<p>The material terms of the Options are the same as stated for Resolution 3. Full terms and conditions of the Options are contained in Annexure A to this Explanatory Memorandum.</p>
<i>Use of funds</i>	<p>The issue of the Options will initially not raise any money.</p> <p>If all the Options are exercised, additional funds will be raised. The funds will be put towards the Company’s general working capital requirements and exploration activities at the relevant time.</p>

### ***Effect of the Resolution***

Resolution 4, if passed, will allow the Company to issue 7,500,000 Options.

This issue of 7,500,000 Options may have a dilutive effect on the existing Shareholders. The exact dilutive effect will depend on whether the full 7,500,000 Options are exercised. If the full 7,500,000 Options are exercised, and assuming no Shares are issued or Options exercised in the interim, the maximum dilutive effect will equate to 1.1% 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 upon exercise of the New Options, 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 4.

## RESOLUTIONS 5 and 6 - Approval for issue of placement Shares to two Directors

### **Background**

Resolutions 5 and 6 seek to obtain shareholder approval pursuant to Listing Rule 10.11 for the issue of a total of 1,000,000 fully paid ordinary shares to two (2) directors of the Company who participated in the recent placement as described in the table below:

Director	Shares	Issue Price (per share)
Mr Malcolm Norris	500,000	\$0.020 (2.0 cents)
Mr Graham Ascough	500,000	\$0.020 (2.0 cents)

### **Listing Rules**

Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a related party, which includes a Director, without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **Corporations Act 2001 (Cth)**

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give “a financial benefit” to a “related party”, which includes a director, unless one of the exceptions to the section apply or shareholders, at a general meeting, approve the giving of that financial benefit to the related party.

Section 210 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given at arm’s length, that is on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arms’ length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The Directors (other than Messrs Norris and Ascough) consider that the proposed issue of securities the subject of Resolutions 5 and 6 is on arm’s length terms and, as such, fall within the exception set out in section 210 of the Corporations Act. The Directors (other than Messrs Norris and Ascough) have reached this view as the terms upon which Messrs Norris and Ascough will acquire the securities are the same as those terms upon which allottees acquired securities in the Company at a share issue price of \$0.020 (2.0 cents) each pursuant to the placement described in full detail in Resolutions 1 and 2.

#### **RESOLUTION 5 – Approval for issue of placement Shares to Director - Mr Malcolm Norris**

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- (a) The securities the subject of Resolution 5 are to be issued to Mr Norris (or his nominee/s), a director of the Company;
- (b) The maximum number of shares to be issued is 500,000 fully paid ordinary shares;
- (c) The securities will be issued no later than one (1) month after the date of the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules);
- (d) The issue price of the shares will be \$0.020 (2.0 cents) per share;
- (e) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- (f) The issue of securities to Mr Norris will raise \$10,000. Funds raised by the issue of securities to Mr Norris will be used to fund the Company's activities at the Viscaria Copper Project, Southern Finland Gold Project, and provide working capital for the Company as described above in Resolutions 1 and 2.

Mr Norris declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board, other than Mr Norris, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

**Recommendation: The Board, with Mr Norris abstaining, unanimously recommends that Shareholders vote in favour of Resolution 5.**

#### **RESOLUTION 6 – Approval for issue of placement Shares to Director - Mr Graham Ascough**

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- (a) The securities the subject of Resolution 6 are to be issued to Mr Ascough (or his nominee/s), a director of the Company;
- (b) The maximum number of shares to be issued is 500,000 fully paid ordinary shares;
- (c) The securities will be issued no later than one (1) month after the date of the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules);
- (d) The issue price of the shares will be \$0.020 (2.0 cents) per share;
- (e) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- (f) The issue of securities to Mr Ascough will raise \$10,000. Funds raised by the issue of securities to Mr Ascough will be used to fund the Company's activities at the Viscaria Copper Project, Southern Finland Gold Project, and provide working capital for the Company as described above in Resolutions 1 and 2.

Mr Ascough declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board, other than Mr Ascough, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

**Recommendation: The Board, with Mr Ascough abstaining, unanimously recommends that Shareholders vote in favour of Resolution 6.**

## GLOSSARY

In this Explanatory Memorandum and Notice of General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**\$** means Australian dollars.

**ASX** means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

**Board** means the current board of directors of the Company.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of 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 dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed as such by the *Corporations Regulations 2001* (Cth).

**Company** or **Avalon** means Avalon Minerals Limited 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 the Explanatory Memorandum.

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

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

**Key Management Personnel** has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term 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 the ASX.

**Notice** or **Notice of Meeting** means the notice of general meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option to acquire a fully paid ordinary share in the Company.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolution** means a resolution as set out in the Notice.

**Share** or **Shares** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of a Share in the Company.

## ANNEXURE A

### TERMS AND CONDITIONS OF OPTIONS

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1. Each Option entitles the holder to one ordinary share in the Company.
2. Each Option exercisable at \$0.03 (3 cents) per option, expiry 3 years after issue.
3. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
4. The Company will apply to ASX for official quotation of the Options.
5. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
6. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
7. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary shares into which one Option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

9. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

