

MANAGING DIRECTOR REMUNERATION PACKAGE

Avalon Minerals Ltd (ASX: **AVI**; 'Avalon' or 'Company') advises that an employment contract with the Managing Director, Mr Jeremy Read, has now been finalised. The material details of the employment contract are set out below:

Contract term

Mr Read is appointed for an initial period of 3 years (which commenced on 13 February 2012), with any renewal to be negotiated between the Company and Mr Read.

Base Salary

\$381,500 per year inclusive of superannuation, reviewed annually.

Management Incentive Package

The Company will invite Mr Read to participate in a Management Incentive Package under which key management personnel will be offered securities in Avalon.

Mr Read will be offered (**MD Securities**):

- a) 5,000,000 1 cent options (on the same terms as the 6,000,000 options which were offered to the underwriter, Indian Ocean Capital Pty Ltd disclosed in the Rights Issue Offer Document dated 2 March 2012); and
- b) 10,000,000 performance rights under a performance rights plan that the Board is currently finalising which are proposed to vest over three tranches as follows:

Tranche	Number of performance rights	On satisfaction of the following vesting condition, the relevant performance rights will vest into the equivalent number of fully paid ordinary shares
1	2,500,000	The closing price of the Company's shares being \$0.12 or more for 10 consecutive ASX trading days.
2	3,750,000	The total combined JORC Compliant Mineral Resources on the Viscaria Project reaching 10Mt at 2.5 Cu or more.
3	3,750,000	The closing price of the Company's shares being \$0.30 or more for a period of 10 consecutive ASX trading days.

The MD Securities are subject to firstly obtaining shareholder approval.

The Company plans on calling a general meeting around May 2012, at which time full information on the MD Securities and the proposed performance rights plan, including how the performance rights will vest, will be disclosed.

Termination Provisions

The Company may terminate Mr Read's engagement at any time by giving 3 months notice or payment in lieu of notice and paying Mr Read 6 months' salary after the expiry of the 3 month notice period. If the Company elects to pay Mr Read the equivalent of the notice period in lieu of notice, the total payment inclusive of the notice period will be the equivalent of 9 months' Base Salary.

Mr Read may terminate at any time by giving 3 months notice. However, if a 'Change of Control Event' occurs (such as if a takeover bid is made to acquire at least 50% of the fully paid ordinary shares in the capital of the Company, a person obtains voting power in the Company of more than 33% and the takeover bid is or has become unconditional or a Court has sanctioned a compromise or arrangement under Part 5.1 of the Corporations Act (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other entity or entities)), Mr Read may terminate by giving 1 week's notice.

Information on Avalon is available on the Company's website www.avalonminerals.com.au.

Roslynn Shand
Company Secretary
Avalon Minerals Ltd