



AVALON FAST TRACKS VISCARIA EXPLORATION

Avalon Minerals Limited (ASX:AVI) has hit the ground running after recently appointing an experienced management team with the Sweden-focused explorer ramping up exploration on its flagship copper-magnetite project in one of the world's premier mining destinations.

To say it has been an eventful past few months is an understatement for the Brisbane-based explorer which listed on the Australian Securities Exchange in 2007.

Earlier this year, the company revamped its board with the appointment of a number of new directors, including a new managing director and chairman, following the resignation of former chairman and company founder David McSweeney.

Taking the helm as managing director was former Meridian Minerals and Discovery Metals managing director Jeremy Read while Avalon's largest shareholder, director of the company since 2009 and Malaysian

billionaire, Tan Sri Abu Sahid Bin Mohamed, was elected chairman of the company.

The new management team boasts a strong track record of shareholder value creation with Discovery Metals returning 400% to shareholders between 2006 and 2010, increasing to over 700% in 2012 while Meridian Minerals returned around 700% to shareholders via a takeover by its largest shareholder, following the management team taking the reins at Meridian.

"We have a good management team in place at Avalon," Read told **The Pick**. "We have a good track record on copper projects and we have got a pretty good track record expanding copper resources on these projects."

Following the board changes, Avalon is ramping up exploration at its flagship Viscaria copper-magnetite project, which covers an area of around 600 square kilometres in northern Sweden.

The project currently has a measured, indicated and inferred resource at Zones A, B and D of 53.8 million tonnes at 1% copper for 541,200 tonnes of copper metal, using a 0.4% copper cut-off.

The resource is classified as having 22.6Mt grading at 0.7% copper as inferred, 15.2Mt grading at 0.8% copper as indicated and 16Mt grading at 1.6% copper as measured.

The resource includes the A Zone copper resource of 21.6Mt at 1.5% copper and D Zone iron and copper resource of 11.9Mt at 24.1% iron and 0.55% copper.

Read said for the remainder of 2012 and in 2013, the company would concentrate its efforts on determining the full potential of the high-grade copper mineralisation within the A, B and D zones.

"It is a project with plenty of upside," he said. "At the D Zone resource, most of the drilling has been relatively shallow. Previous explorers were looking mostly for open pitable resources and what we have now started to do is to begin looking for deeper opportunities where we have high grade copper occurring."

"We are still interested in the open pitable resources but we are starting to look a bit deeper and trying to extend the better grade mineralisation to depth with the aim of having a combined open pit/underground operation."

The economics of that haven't ever been looked at before."

Under previous management, Avalon completed a pre-feasibility study for Viscaria which confirmed the technical and financial viability of the project.

However, Read said one of the issues with the previous feasibility study was that the company didn't have the mineral resources to underpin a ten year project.

"What we need to do is underpin the project by increasing the mineral resource so we can have as a minimum ten years' worth of production," he said.

"Once we have done that we can restart the feasibility study and I guess the way we are going to get to that level of production is to look to bring in the underground material while the previous feasibility study was only looking at open pitable material."

"We are now seeing that a lot of this material, at 2.5 per cent to 3 per cent copper, is sufficient grades to be mining underground very profitably. It is not

marginal material, it is very profitable material at those sorts of grades so let's find out how much we have got that can be mined underground," he added.

Read said Avalon would not be hurrying to bring the project into production, but would rather gain a better understanding of the resource.

"Since coming on as a new management team, we have said we are not going to rush in and just complete the bankable feasibility study that [previous management] were doing because we want to better understand the mineral resource we have and we want to make it bigger," he said.

This month, the company finished a four-hole, 2000 metre drill program to test for extensions of high-grade copper mineralisation at the A and D Zone mineral resources.

Geochemical assay results recently received from the second drill hole, VDD0128, at the D Zone intersected a 68 metre sequence of copper and iron mineralisation grading at over 1% copper equivalent.

Of particular interest is that within the thick intersection of copper and iron mineralisation were two high-grade copper intersections of 5.1 metres grading at 2.8% copper equivalent and 6.4 metres of 2.3% copper equivalent.

"The overall thick copper-magnetite intersection suggests that there is scope to increase the tonnes of mineralisation which should be extractable using open pit methods, while the two high grade copper intersections indicate that parts of the D Zone mineralisation has potential to be extracted using underground methods," Read said.

Read went on to say Avalon would undertake



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a much larger drill program later this year with a view to restarting work on the feasibility study in April-May next year.

The company is also keen to drill test some regional targets which haven't been tested previously.

"There are a number of regional targets," he said. "We have defined about six or seven copper targets using a combination of geology, geophysics and previous drilling."

Read said some drilling was completed on regional targets 20 years ago with a number of drill holes having indications of copper mineralisation including one hole which went eight metres at 1.7% copper, however no follow-up work was conducted on the targets.

"Over the winter time, when it is easier to access as everything is frozen, we will access some of the regional targets as well," Read said.

"That will be the first regional exploration drill testing that Avalon has done in the last four years."

INFRASTRUCTURE

A major advantage of the Viscaria project is its proximity to established infrastructure routes.

The project lies adjacent to road, rail and hydro power infrastructure and a short distance from the regional mining centre of Kiruna which has a population of 20,000 and is regarded as a world class Iron Oxide Copper Gold (IOCG) province.

"We have access to all the infrastructure that we need," Read said. "We have a railway that goes by the front door some 500 to 600 metres from the project. Roads are very close by and the project will draw on grid power which is a big cost saving."

"We also have access to two nearby ports."

Viscaria also lies 4 kilometres from Europe's largest iron ore mine and the world's second largest underground mine LKAB's giant Kirunavaara mine and 80 kilometres north of Europe's largest open cut mine Boliden's Aitik copper mine.

Another major plus for Avalon is that Sweden is regarded as one of the premier mining jurisdictions in the world, coming in seventh spot in the Fraser Institute's 2011-2012 global survey of mining companies.

