



Buy, Sell, Hold: Unity, Avalon and Mineral Resources

Friday, 5 October 2012

ANALYSTS revisit gold producer **Unity**, copper hopeful **Avalon** and iron ore-focused **Mineral Resources** after news from all three this week.

Avalon Minerals (AVI)

Analyst: Craig Foggo, RFC Ambrian

Recommendation: Buy

Price target: 32c

Thursday's close: 7.7c

Reason: Increase in D-Zone mineral resources

Comments: A new revised mineral resource for the D-Zone prospect has delivered an increase of 24% in tonnage from approximately 12.5Mt to 15.5Mt. The new D-Zone mineral resource is not closed off along strike in either direction, which means there is potential for it to be further increased, especially within areas that could be mined by open-pit methods. This will drive a significant drill program on the Viscaria Project to be completed between November 2012 and May 2013. The new D-Zone mineral resource has higher copper grades at higher copper cut-off values and is getting thicker and higher grade at depth, all of which significantly increase its potential to be mined by underground methods as well. The new increased D-Zone mineral resource and the previously announced mineral resources at the A-Zone and B-Zone prospects are being used in a scoping study that is expected to be completed within three weeks. The drilling has identified that the geometry is getting thicker and higher grade with depth. Furthermore, the geological model has increased our confidence as the model suggests that more copper mineralisation at depth is highly probable. While the increase in iron ore grades resulted in decreased copper grades overall (from 0.6% to 0.4% copper), it is very positive that the D-Zone copper grade increased at higher cut-off values; the implication is that this increases the potential for higher reserves at the D-Zone as it may be economic to underground mine at the higher copper grades.