Viable options for Viscaria

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Brooke Showers

SWEDISH-focused Avalon Minerals has confirmed three development scenarios for the Viscaria copper-iron project, with one option capable of increasing the net present value to $US198 million ($A192.6 million).

A scoping study for the project revealed the technical and economic viability for a copper-magnetite operation.

Xstract Mining Consultants completed the scoping study, which assessed a base case open pit mining scenario using currently defined mineral resources and three development cases to convert existing exploration targets into mineral resources.

By using a base case open pit mining scenario with a copper price of $3.25 per pound and magnetite prices of $150 per tonne the results pointed to Viscaria holding a NPV of $61 million.

Under an open pit scenario, mines at the A Zone and D Zone deposits were estimated to produce a combined 9400 tonnes per annum of copper and 382,000tpa iron, at cash costs of 65c/lb.

Drilling at the A Zone and D Zone prospects earlier this year demonstrated the mineralisation extended beyond the existing mineral resource.

This NPV significantly increased when three development case scenarios, titled A, B and C, were assessed.

Critical to each value scenario is a major drilling program starting next month aimed at converting exploration targets into mineral resources at Viscaria's A Zone, B Zone and D Zone.

By converting the resources, Avalon's development cases A, B and C have potential NPV's of $111 million, $170 million and $198 million, respectively.

Cash costs under the scenarios range between 47c/lb at option A to $1.03/lb at option C.

Development case A includes the base case scenario plus extensions to the D Zone target for 15.5Mt at 0.46% copper and 23.1% iron.

Development case B focuses on an exploration target of 3 million tonnes at 2.5% copper from the underground A Zone, combined with development case A.

This brought the overall tonnage and grade at case B to 18.5Mt at 0.8% copper and 19.4% iron.

Using current copper prices of $3.69/lb, development case C has the potential to unlock a NPV of $312 million, by producing 25,500t copper and 519,000t iron.

The C scenario incorporates the development cases A and B, indicating the potential to hold 20.2Mt at 0.86% copper and 20% iron.

Pre-production capital expenditure ranged from $144 million for the base case scenario to $312 million for

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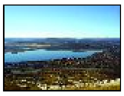
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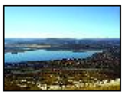
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Pre-production capital expenditure ranged from $144 million for the base case scenario to $212 million for option C.

Avalon managing director Jeremy Read said that, given the scoping study results, the next six months would prove to be an exciting time for the company.

"Commencing in November, Avalon will start a six-month drill program, the goal of which will be to define the mineral resource extensions to allow our development cases to be delivered," Read said.
All of the mining options, including the base case scenario, were estimated to sustain a mine life of more than five years.

Avalon shares jumped 6.2% to 8.5c in afternoon trade.

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