



# AVALON DRILLS NEW HIGHS IN SWEDEN

The economic potential of **Avalon Minerals Ltd's (ASX:AVI)** Viscaria Copper-Magnetite Project in northern Sweden has been further enhanced by recent drill results which continue to extend the known mineralisation at higher grades than previously estimated, suggesting that a significant increase to the overall NPV of the project will be able to be achieved.

Recent assay results from seven drill holes at the D Zone Prospect on the Viscaria Project showed all seven drill holes intersected copper and iron mineralisation from 10m to 38m down-hole thickness.

Avalon managing director Jeremy Read said the latest results were consistent with previous drilling results which had defined two thick, high-grade copper-iron mineralised zones at the prospect.

"It is a very positive outcome that these thickened higher grade zones are continuing at depth with no sign of diminishing," he said.

"This suggests there is excellent potential for the D Zone mineral resource to be significantly extended at depth. This would enhance the economics and deliver two of the value-add scenarios outlined in the scoping study last year and result in a \$78M increase to the net present value of D Zone, to \$126M."

The scoping study, completed in October 2012, confirmed the technical and economic viability for a copper-magnetite mining operation at Viscaria and identified three potential value-creation scenarios. The study indicated that a base-case open pit mine had a NPV of US\$61M and would produce 9,400t of copper and 382,000t of iron a year at a cash cost (net of iron credits) of US\$0.65/lb.

The current 25,000m drill program is aimed at extending the

known mineral resources at the A and D Zone prospects, which would underpin an increase in the NPV of the two resources to approximately \$200M.

Four of the seven holes recently reported were in the northeast of D Zone, while the other three were drilled in the southwest of the D Zone. The drilling in the northeast was designed to follow up

on excellent previous drill intersections, including 68.5m at 1.0 per cent copper equivalent, including 8.1m at 2.1 per cent copper equivalent and 8m at 2 per cent copper equivalent and 88.3m at 0.7 per cent copper equivalent, including 9.0m at 2.1 per cent copper equivalent and 5.0m at 1.5 per cent copper equivalent.

The drilling supports earlier geological modelling that the mineralisation plunges moderately to the southwest and that a relatively thick, high-grade copper-iron zone extends at depth and along strike. Further drilling in this area is necessary to fully define the lateral and depth extent of this high-grade mineralised zone and this will be a major focus of upcoming drill holes.

Viscaria currently has a global resource of 66.2Mt of mineralisation, containing 601,000t of copper and 2.4Mt of iron. The Viscaria Project is surrounded by established infrastructure, lying immediately adjacent to LKAB's Kirunavaara Iron Ore Operation - Europe's largest underground mine and in close proximity to high-capacity rail and ports.



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