



Avalon Minerals

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Avalon Minerals MD Malcolm Norris in Q&A with Proactive Investors

Avalon Minerals (ASX:AVI) aspires to be a long term 20,000 plus tonne per annum copper producer within four years from its interests in Sweden.

The company's focus is on the Viscaria Copper Project, which is spoilt for infrastructure as the region is home to Kiirunavaara the world's largest underground iron ore mine.

Viscaria currently has a large resource base of 63.86 million tonnes at 1.05% copper.

Drilling is ongoing providing newsflow, with key catalysts such as an updated Scoping Study expected before the end of 2015.

Malcolm Norris, managing director for Avalon Minerals, speaks exclusively with Proactive Investors.

PROACTIVE INVESTORS: Welcome Malcolm.

Having just returned from site in Sweden, can you outline how exploration is progressing and a timeline to the next round of assays?

Malcolm Norris:

Our team at site in northern Sweden is doing a great job. They are managing one diamond drill rig at Viscaria D zone and our near mine exploration program.

We have further assay results pending this week, and there is more news flow ahead with samples from an additional hole (VDD 189) in the laboratory, while drilling is almost complete at VDD 190.

We have another 6 holes planned at D Zone beyond VDD 190, all aimed a defining additional resources with a focus on increased copper grade.

We still have planned holes at nearby A Zone that are scheduled for drilling after we complete this current phase at D Zone.

Our drilling plans should deliver assay results every 2-3 weeks.

Earlier in the month assays were released from a deep hole where copper was intersected past 500 metres. What is the significance of these results?

Malcolm Norris:

Hole VDD 186 intersected a couple of high grade intercepts, and a wide lower grade copper intersection.

The high grade intercepts were greater than 2% copper which is very significant. It is clear to us that the D Zone orebody is getting thicker and higher grade at depth.

D Zone keeps delivering good results every hole we have drilled has hit copper which is an outstanding result and

Price: A\$0.03

Market Cap: A\$7.21M

1 Year Share Price Graph



Share Information

Code: AVI

Listing: ASX

Sector: General Mining

Website: www.avalonminerals.com.au

Company Synopsis:

Avalon Minerals (ASX:AVI) is focused on Sweden, with the country hosting the company's wholly owned Viscaria Copper Project.

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provides confidence as we build and refine our ore deposit model. The D Zone orebody is wide open at depth.

The wide intercept in VDD 186 is also important because much of it is on the eastern side on the main orebody and this has never been drilled before.

All previous drilling was on the other side of the orebody and did not extend significantly into this eastern zone, so we are now turning up new targets right next door.

It is exciting and very encouraging.

The intersection from 500 metres depth down hole equates to about 400 metres below surface which is still quite shallow for underground development.

The high grade zones of >2% copper are just what we need for underground mine planning.

What are the next key studies to be published in the short and medium term, and what key achievements is Avalon Minerals targeting?

Malcolm Norris:

An updated Scoping Study on a copper development project at Viscaria is expected before the end of the year while a Pre-Feasibility Study will follow in 2016.

This is expected to lead to a decision to build in 2017 and commencement of copper production in 2018.

The development scenario is based on copper deposits at A, B and D Zones which are within approved Exploitation Concessions K3, K4 and K7. These are the equivalent of mining leases valid to 2037.

The next major step to enable a mining project to proceed is the process for issuance of an Environmental Permit.

We have commenced our Environmental and Social Impact Assessment that delivers the necessary documentation for consideration of an Environmental Permit by the Swedish Land and Environment Court.

This permitting will proceed in parallel with our feasibility studies.

And importantly all of this is within an area that is supported by some of the best infrastructure available.

We have low cost hydro power, we have access to a public electric rail system, we are supported by a mining town of 20,000 people, and we are within an area designated as National Interest for Minerals.

All of these aspects mean that our costs are lowered and we can be optimistic about our development plans.

What other near mine exploration does Avalon Minerals have?

Malcolm Norris:

We are very excited by developments in our near mine exploration program. We have several strong targets, all of which contain copper mineralisation.

We hold several Exploration Permits that cover ground considered prospective for copper, and have focussed on near mine opportunities, that is within 5 kilometres of the Viscaria deposit, because these are the most likely to deliver value in the short term.

We have targeted the Nihka prospect, that had never before been explored, and yet it is only 2 kilometres from Viscaria A Zone, and we have drilled a copper mineralised system.

We also targeted the West Nukutus Prospect and discovered visible chalcopryrite in 18 of 49 shallow auger drill holes, which assayed up to 0.5% copper. West Nukutus is 5 kilometres from Viscaria so still very close.



Both are within areas defined as National Interest for Minerals. It is very early days for both areas but to target and then drill and discover copper is an outstanding success record.

In addition we have several areas immediately adjacent to Viscaria that have had very limited historical drilling, that is 1 or 2 drill holes, that have intersected copper and never been followed up.

Some of these have in excess of 2% copper over narrow widths, but are within larger interesting geophysical anomalies so may have scale upside.

These results give us confidence that we will deliver on our exploration program and provide upside opportunities to the Viscaria copper deposit.

Our focus remains on delivering development plans for Viscaria, but our near mine exploration will be advanced as funding and priorities allow.

You have recently outlined that Avalon Minerals is "undervalued" in relation to peers. Can you provide metrics and examples for comparison?

Malcolm Norris:

We do monitor what our peer group companies are doing and our latest presentation at ([ACCESS HERE](#)) has a table of comparisons.

We look at a number of metrics such as capital intensity, valuations based on enterprise value per pound of copper in resource, and more simple metrics such as market capitalisation and enterprise value.

In all examples Avalon is undervalued relative to these peers and yet we have an advanced copper project in a low risk country, and in an area with high quality existing infrastructure.

We have demonstrated that we can fund advancement of the project.

The opportunity is incredibly compelling. I'm sure we will not remain undervalued as we advance the project and further de-risk the main Viscaria project and deliver on our exploration optimism.

What is the current cash position ending FY15, where will these funds be allocated and is there a capital raising expected in the near term?

Malcolm Norris:

At June 30, 2015 we had A\$3.2 million in cash. We are active in the field and 80% of those funds are earmarked for direct project expenditure. Importantly, we will continue to drill.

We will also advance our ESIA, and we will move forward on selected near mine targets.

We have cut back our corporate costs so that our shareholders see that we are putting money into advancing the project. That is why they invested in us, to move Viscaria to development and to find more copper.

We will look to raise additional funds later in 2015 on the back of our drilling results and to fund on-going project studies.

Finally, why should investors consider adding Avalon Minerals to their portfolio?

Malcolm Norris:

Avalon is building a copper company.

We have exposure to an advanced copper opportunity that is forecast to be producing by 2018, we are operating in a



low risk country and we have top quality infrastructure already in place, we have exposure to healthy exploration upside, and we have exposure to copper price increases which most analysts are forecasting.

We have built arguably one of the best teams in the junior resources sector.

We are committed to building a copper company that delivers above average shareholder returns, and builds a track record of environmental and social leadership.

PROACTIVE INVESTORS: Thank-you Malcolm.

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