

# NEAR-TERM PRODUCTION TO MEET PRICE RISE

This ASX-listed junior plans to have its Swedish copper mine in production in 2018 to meet a forecast price rise. **Ngairé McDiarmid** reports

**A**VALON MINERALS IS systematically moving towards its goal of being a long-term 50,000 tonne per annum copper producer, beginning in 2018.

Its 100%-owned flagship copper project, Viscaria, is in northern Sweden and has a healthy JORC resource, plenty of upside within a 5km radius and a team hard at work to meet development milestones.

The company is well funded and investors are showing their support, with the latest share placement done at a 25% premium.

Managing director and CEO Malcolm Norris spoke to *RESOURCESTOCKS* from Sweden, where he was overseeing the project's advance towards production.

"We are serious about developing our Viscaria copper deposit – we have a timetable to a decision to build in 2017 and to commence producing copper in 2018," he said.

"We're an undervalued stock and we're moving forwards with

our development plan on a low-risk project, with the real likelihood of delivering extra resources.

"Our immediate near-mine exploration upside is outstanding just within 5km, and we've put in place a team in the junior resource sector that is second to none. We've got the team, the funding and shareholder support, the upside and the development story, so it's a really nice package."

Viscaria's current JORC copper resource is 54.9 million tonnes at 1.11% copper for 608,000 tonnes. The current Viscaria development plans are focussed on copper only (Discovery Zone, 10km south adds 9Mt at 0.8% copper to the resource estimate).

The Viscaria resources are contained in three orebodies: the previously mined copper-only A Zone, B Zone and D Zone.

The historic Viscaria copper project produced 12.5Mt of ore at 2.3% copper from A Zone and Avalon is quickly proving the untapped potential in the surrounding areas.

In June, Avalon defined a large copper anomaly with first-pass drilling at its West Nukutus prospect, 5km northeast of Viscaria.

"We discovered significant chalcopyrite, the main copper-bearing mineral, across 18 of the 49 holes drilled, and we submitted these for assay, and they returned up to 0.5% copper, and that's in an area over 1km long," Norris said.

"To do that with a first-pass exploration program is phenomenal, so that could deliver something quite significant."

These West Nukutus results arrived hot on the heels of the chalcopyrite discovered in the first diamond drill hole at the Nihka target, 2km south of Viscaria. Norris said this encouraging result indicated the

previously unexplored Nihka target was comparable to other iron-oxide-copper systems in the surrounding area.

"I've just spent the last day looking at drill core with the team and that is an outstanding result," he said.

"We've discovered an iron-oxide-copper mineralised system – the first hole doesn't have mineable grades, but it's definitely a mineralised system at Nihka so hopefully the next hole will be more significant."

Avalon is maintaining an exploration schedule around its known resource, but 90% of the company's efforts are focused on progressing Viscaria to production by 2018. The scoping study is due out before the end of this year, to be followed by the prefeasibility and definitive feasibility studies, allowing a decision to build in 2017.

In parallel with the studies, Avalon is also progressing work on its Swedish permits for mining approval, which the company hopes to have granted in 2017.

"That permitting process is driving our work program," Norris said.

"We have a lot of confidence because we have an outstanding team, including Ray Robinson as general manager of studies and technical services. He's managed this process previously and he is doing an outstanding job.

"Also on our team is Gavin Leicht as CFO and company secretary, who has joined us from PanAust where he participated in their growth into a significant copper company, and Bruce Rohrlach as general manager geology, who's been involved in some very significant copper discoveries and feasibility studies. We have a strong in-country team, which is growing, who are the ones that are really getting things done, and we

Avalon's Viscaria copper project including the old plant site and public access railway line.





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**MALCOLM NORRIS**  
AVALON MINERALS

Setting up to drill hole VDD186 at the Viscaria copper project in Sweden.

have a strong committed board.”

Avalon is working hard to ensure shareholders and stakeholders alike understand the company’s aims.

Norris was holding a series of meetings while in Sweden, including with the indigenous Sami people who have the right to herd reindeer in corridors to the north and south of the project. Avalon is committed to open transparent dialogue with stakeholders, particularly the local communities and to demonstrate commitment to building a track record of very responsible environmental management.

Viscaria itself is within an “Area of National Interest for Minerals” and is alongside the mining town of Kiruna, which has a population of about 20,000.

“The community in general is supportive here, there is a recognition that Viscaria is a copper mine, and they’re expecting redevelopment of the historic mine,” Norris said.

“Ours will be significantly smaller than the adjacent large underground iron mine run by LKAB so we need to get across the message about the scale of our operation, but generally it is a mining town so it’s great to be here, there are the trades, consultants, skills and the infrastructure and no need for fly-in, fly-out, or having to build infrastructure such as power supply, roads, railway lines or airstrip – it’s all there and available, so we’re lucky.”

Avalon’s start of production is expected to neatly coincide with a forecast rise in copper prices, predicted by analysts around the world, Norris said.

“It seems to be the consensus that the supply side of the equation will be challenged within 12-18 months,” he said.

“If China continues to grow as it

is, or even weaken a little bit, or the US potentially picks up ... you will start to see some supply-demand issues coming in. The forecast of a copper price increase is reasonable, and we can say with some confidence that it will be higher than it is today.”

Norris said Avalon would like to manage a situation where it was servicing debt when the copper price was higher.

“Once we’ve dealt with debt we expect to be able to operate through the commodity price cycle, and that’s an important factor,” he said.

Avalon has attracted premium financial support despite the challenging times facing juniors in the current equity market. The company successfully placed 12 million shares in June – at a 25% premium to the volume weighted average price – to a new professional investor in Europe.

Norris said this was on the back of a successful placement in March and April and confirmed the solid support Avalon continued to receive.

“We’re ahead of a lot of other ASX-listed juniors in that we have money in the bank,” Norris said.

“We’ve got really good support from our shareholder base, and we have a near-term development story that is relatively low-risk, so we’re very confident we will deliver on our plans to produce by 2018. That in itself is a great story, but we want to build on the upside as well.

“We also have a great team and that puts us up with some of the best ASX-listed juniors.”

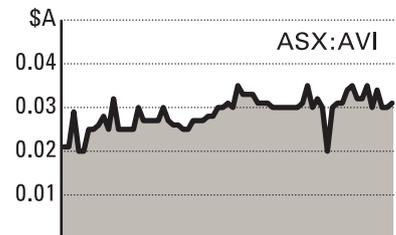
For now Avalon is putting its effort into growing Viscaria’s existing core resource estimate to feed into the upcoming scoping study.

“We’ve got our heads down and we’re working hard because we want to deliver a copper mine,”

Norris said.

**RS**

## AVALON MINERALS AT A GLANCE



6 months ending July 1, 2015

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### DIRECTORS

Graham Ascough, Malcolm Norris, Crispin Henderson, Don Hyma

### MARKET CAPITALISATION

\$7.4 million (at press time)

### QUOTED SHARES ON ISSUE

240.32 million

### MAJOR SHAREHOLDERS

Valbonne II 11.42%  
Tan Sri Abu Sahid Bin Mohamed 9.31%  
Marilei International 7.69%  
Phoenix Copper Ltd (ASX:PNX) 5.36%