

Sector: Gold
 Code - Listed: AVO - ASX
 Share Price: A\$0.14
 12 Month Share Price Range: A\$0.24 - 0.10
 Issued Capital: 65.6m
 Issued Capital (fd): 80.5m
 Market Capitalisation (fd): A\$1.1m
 Cash: A\$3m
 Long Term Debt: Nil
 Year End: June 30th
 Major shareholders: Goldfields 11%
 Management 14%



Source: Bloomberg

Higginsville Acquisition Boosts Development Potential

Summary

Avoca was incorporated in June '01 and acquired 6,000sqkm tenement portfolio in the Eastern Goldfields of Western Australia together with 16,000sqkm of exploration licences within the Stuart Shelf of South Australia. The declared aim is to develop high value gold, copper and platinum group resources. Taking into account the exploration activity on its own and with major joint venture partners, Avoca has been one of the most active junior exploration companies in the Australian resources sector. Two significant developments in recent months have lifted Avoca to the forefront among its peer group:-

The **Mt Fisher Gold Project**, east of the prolific Yandal Belt area of the Eastern Goldfields, was

identified as a high priority target, holdings were consolidated and a drilling programme commenced on an optioned mining lease.

The Higginsville Gold Project, located in the greenstone belt between two of Western Australia's major gold mining operations, St Ives (15Moz) and Norseman (5Moz), came up for tender and Avoca was the successful bidder. Combining the Higginsville Project with Avoca's existing regional holding would secure a dominant position in this strategic location.

Avoca is headed by Managing Director, Rohan Williams, who has over 16 years' experience in the industry, and was previously Chief Geologist at St Ives Gold and Central Norseman. This makes him uniquely placed to assess the potential of Higginsville.

Higginsville

Higginsville was among the WMC gold assets acquired by Gold Fields. Gold Fields subsequently elected to dispose of all but the major producing assets in this portfolio, specifically St Ives. Higginsville was originally developed by Samantha Gold and Resolute Limited and produced over 600,000oz of gold from 1989 to 1999 - almost exclusively through open pits. There is a large digital exploration database covering all data collected since 1983. To date some 6,500 holes have been drilled testing oxide deposits at Higginsville. However the average depth of all drill holes is just 55m. Studies show considerable potential for resources amenable to underground development and exploitation.

The Higginsville Gold Project is located 50km south of Kambalda and covers 178sqkm of highly prospective greenstone belt, in the same

geological setting as St Ives and Norseman. It is unusual for a substantial open pit production area in Western Australia to have no associated underground mines developed to date. It has an inferred resource inventory of 445,000oz. Resolute had previously outlined a residual measured, indicated and inferred near-surface resource inventory of 193,500oz (2.1Mt @ 2.84g/t) available for immediate evaluation. Avoca has already re-estimated some of the remaining resources which are being systematically and successfully re-assessed towards a target in excess of 250,000oz. The most exciting initial target is along strike of the Poseidon South pit. This pit produced 260,000oz and a small underground operation produced 26,000oz. Gold Fields made the Poseidon South Extended (PSE) discovery on which Avoca has completed a resource estimation of 95,000oz, grading at 7.59g/t. This deposit

Project definition and acquisition transforms company prospects

Highly prospective property



is open in all directions and has substantial expansion potential through drilling and development. Immediately following settlement, Avoca will commence an A\$1m drill programme aimed at bringing this resource to a reserve, that upon

permitting approval should see production within 12-months. **This project could be fast tracked at low capital cost by toll treating initial production at Goldfields' St Ives mill.**

Cornerstone exploration project

Mt Fisher

The Mount Fisher Gold Project covers a 370sqkm area, located 420km north of Kalgoorlie, and 100km south east of the world-class Jundee mine. Following a successful rock chip and channel sampling programme, Avoca has completed 11 RC holes in the March '04 quarter at Mt Fisher, eight of which have

intersected visible gold in drill cuttings. Several high grade intercepts were recorded, including 5m @ 35g/t (from 44m), 3m @ 27g/t (from 45m) and 1m @ 187g/t (from 71m).

Other Projects

The most important projects in the remainder of Avoca's exploration portfolio appear to be, two copper-gold in South Australia, where its Port Julia and Southbank targets are Olympic Dam style opportunities and its Glensea discovery near Cowell bears similarities with the historic Moonta

copper-gold field. Among the joint venture portfolio partners are Gold Fields Placer Dome, Sons of Gwalia Mines and Resources Australia, Gutnick Resources, and Metex.

Proposed equity fund raising

Corporate

The initial consideration for Higginsville due to Gold Fields is A\$4.5m, comprising A\$2.5m cash and A\$2m in Avoca shares. In addition, Avoca will pay A\$1.75m in deferred payments linked to the delineation of 150,000oz of reserves. Following the acquisition, Gold Fields will have a 19.9% equity interest in Avoca.

Avoca proposes to raise A\$3m through the issue of 20 million shares at A\$0.15. Together with existing cash reserves of A\$3m, this will fund the acquisition and initial development of the Higginsville Gold Project and other Avoca projects, mainly the Mt Fisher project.

Conclusion

The Higginsville acquisition should raise the market profile of Avoca from a gold explorer to mine developer and the share should respond to expected positive resource expansions.

Contact Details:

Avoca Resources Limited

Suite 1, Vosper House

31-33 Dugan Street

Kalgoorlie WA 6430

T: 00 (618) 9022 7625 F: 00 (618) 9022 7629

email: avoca@avocaresources.com.au

web: www.avocaresources.com.au

