Avanti Mining to Complete BFS at Kitsault Moly Pure Play in 2010

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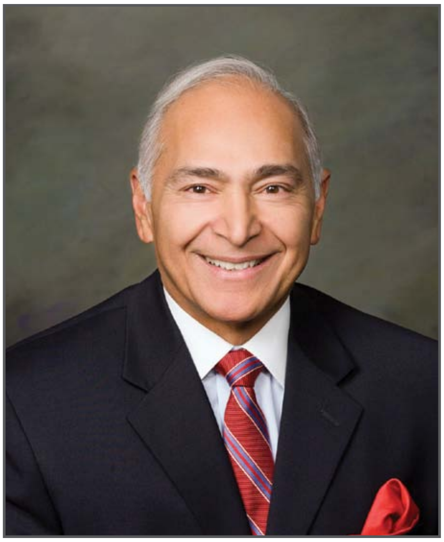

AJ Ali
Chief Financial Officer

Avanti Mining Inc. (TSX-V: AVT) is developing its core asset, the Kitsault molybdenum project, a two-time, former producing mine, with established infrastructure, located in coastal British Columbia, 140 km north of Prince Rupert. A NI 43-101 compliant mineral reserve estimate, completed by Wardrop Engineering last year calculated reserves of 215 million tonnes grading 0.085% Mo, with a 15-year mine life, producing 368 million pounds (annual production of 40,000 t/d) of molybdenum. With analysts forecasting an exceptional market for moly in the coming years, Avanti is poised to become the next large scale primary molybdenum producer. AJ Ali, the company's Chief Financial Officer, explains how things are falling into place for this low cost , near term producer.

Resource Intelligence: Your Kitsault project is a past producing molybdenum mine. It's located in BC and you own 100%. What's different about metals and mining today that makes the project so attractive?

AJ Ali: The biggest factor is price. When the mine was producing first, the highest price of moly was $10 per pound. Then, when it dropped to $2 in 1982, the mine was shut down. The biggest reason why it's not only feasible but also considered one of the top five assets on the planet is because of the valuation and the high-grade.

RI: You have 215 million tonnes of ore remaining at Kitsault. What kind of mine life will that give you?

AA: Our prefeasibility, which hasn't been optimized yet, looks at a fifteen year mine life producing on average of 24.5 million pounds of moly oxide per annum. It's higher in the first five years at closer to 29 million pounds. We'll have very little stripping to do, also, because most of the required stripping was completed for us by the previous operators.

> **"One of the most valuable assets we have in place is infrastructure. That is the reason our capital costs is lower than competing, undeveloped assets."**
>
> **~CFO AJ Ali**

RI: The authors of your prefeasibility study determined a NPV for the project of US$550 million?

AA: Yes. At an average price of molybdenum over the life of the mine of about $15.76, our net present value, discounted at 8% and after tax, is US$550 million. The discounted net present value of the project represents value of over $1.60 per issued share of Avanti.

During this feasibility that we are engaged in now, we expect to increase that by a couple of optimizations. One is an alternate tailings dam site; two is to assure the engineer that we can recover the silver and lead as byproducts; and the third thing is to look at potentially roasting the sulfide ourselves, rather than having to pay roasters offshore.That could easily add over $100 million in value to the NPV.

RI: What is it going to take investors to get on board with this?

AA: The biggest thing that investors should realize is that we are going to get this mine into production. Right now we are off the radar screen of many investors but the savvy investor will realize that we are determined to unlock Kitsault's value.

We have two main things to complete to make this a reality: Get the permitting done and arange project financing. The reason I said just those two is because the technical risks are all gone, because it's a past producer. We know that it produces moly; the grades and the recoveries are already proven, and we've confirmed them in our metallurgical studies. The only risk that people see in front of us is financing and permitting. We are working on both of those things concurrently, with the Bankable Feasibility Study this year.

RI: What is the payback period for this mine?

AA: According to the prefeasibility study it's 3.8 years. But if we had just one year of the moly prices we were seeing before 2008 when moly averaged $30 per pound four years, we could pay back all of the capital in less than a year.

RI: How low can you go in the price of moly before this would start to look a little red?

AA: Our operating costs in the prefeasibility study are $4.43 per lb at the mine, but to get to the full cost you have to add about $1.20, resulting from the transportation and roasting costs. Even then, we are less than $6 per lb all-in cash costs. So our break even from an operating point of view is $6 per pound. But with capital costs and other costs, at $9 per pound we can pay back the capital.

RI: You're in the process of raising $17 million. Will that get you through a feasibility study?

AA: The biggest chunk of that will get us through the Bankable Feasibility Study. We also have retained a resource bank out of Europe to be our project finance advisor. That process of arranging project financing is going to be paid for by some of this money and our objective is to get a credit approved term-sheet from the lending syndicate within three months of completing the Bankable Feasibility Study. We are engaging the bank's independent engineer, to work with our BFS engineer, so that there is no time lag once our engineer finishes the study. That will save us six months in our schedule.

The third most important thing we are going to do with this money is to complete the environmental studies, permitting and community meetings that are involved in getting an environmental assessment certificate, and to amend our mining permit.

RI: You've recently bought some other property in the Kitsault area that tripled your land holding around your deposit. What was the reasoning?

See page 96 for Disclosure, Disclaimers & Info on Mineral Resource and Reserves

Avanti Mining - Continued

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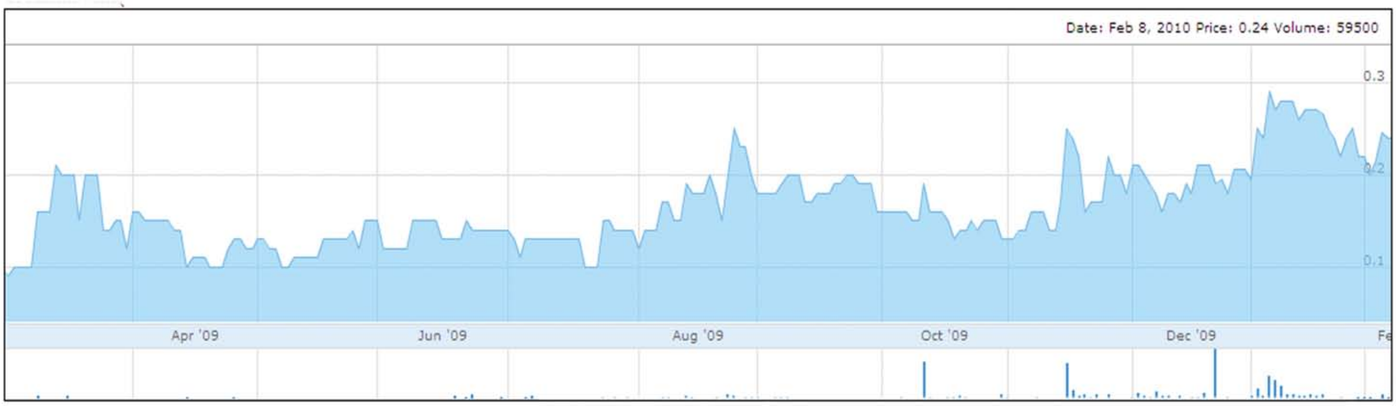

AA: Moly occurs in provinces, not just isolated deposits, so we want to be sure that we have the opportunity to expand our resources through exploration when we're ready to do that. Secondly, to make sure that there is enough land area that if we build our tailings dam and so on, we won't have to look for sites only on our existing leases.

The focus is to build Kitsault first and then worry about enhancing the additional deposits.

RI: In the next 12-36 months, what do you need to do to take Kitsault to the mine-ready stage?

AA: The big thing is to get the amendment to our existing mine permit. Our mine permit is authorized now only for reclamation activity and we need to amend that to allow us to build a new mine. Once we get into the EA system, the statute has 275 days limitation in which it has to be completed. The process should be started by the beginning of the 2nd quarter, 2010.

Next, our Bankable Feasibility Study will be completed by the 4th quarter of 2010. And lastly, we'll be working on marketing and financing, which is to follow between the BFS completion and the permitting. That will be 1st quarter 2011.

RI: What steps do you need to take to raise the $641 million to actually go to production and build a mine?

AA: We have already been to talk to the end users such as steel mills and we have had good traction with them. We intend to have off-take agreements with them, with price protection on the lower side. With a contract in hand, the banks will be more inclined to lend the capital required.

The loan will represent approximately 60% of our total needs. In other words $300 to $350 million will be loaned. Once the loan is in place, we'll still need approximately $200 million in an equity placement. The strategy is to get that from two sources. One is a strategic investor—an end user like a steel mill, who will buy a piece of the project. The second alternative is go to the public equity market, particularly if our stock begins to appreciate. Which option we choose will be a function of the one that is the least dilutive to our existing shareholders.

RI: Does the existing infrastructure here make a big difference to the bottom line?

AA: One of the most valuable assets we have in place is infrastructure. That is the reason our capital costs are lower than competing, undeveloped assets. The reason for that is simple: We have access to the ocean and have road access from Terrace, through a 200 km road. Half of it is paved and the other half is good quality road which I have driven on, easily 60 km/h. We have hydro power lines that come right to where the old mill was at our property site. Those things are critical to keeping capital costs low.

RI: How do you think investors should evaluate Avanti as an investment?

AA: The biggest thing that distinguishes Avanti from any of the other juniors is the quality of our board and the experience of our management. We have all developed projects and we can deliver value by developing this project.

Photo: The past producing Kitsault Mine, located 140km north of Prince Rupert, BC
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Milestones:

- **Permitting and amendment to existing permitting to start by Q2 2010 (Completed within 275 days)**
- **Bankable Feasibility Study completed by Q4 2010**
- **Marketing and Project Financing completed by Q1 2011**