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Company Announcements Manager
Australian Stock Exchange Limited
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SYDNEY NSW 2000

(Transmitted Electronically – 19 pages)

COPPERCo LAUNCH – AVON EMBARKS ON AGGRESSIVE GROWTH INITIATIVE

- **Mineral Securities Limited's Avon Resources Limited and Robert Champion de Crespigny's Buka Minerals Limited combine to launch CopperCo**
- **CopperCo's strategy is to create a substantial independent copper producer**
- **'CopperCo' initiated with three substantial acquisitions to become a major tenement holder in the Mt Isa Block**
- **Appointment of Mr Brian Rear as a Director to oversee CopperCo strategy**
- **Successful disposal of non core energy assets bolsters cash reserves**

1. SUMMARY

The Directors of Avon Resources Limited ("Avon" or "the "Company") are pleased to announce the launch of CopperCo, an aggressive growth strategy to become a major independent copper producer. Pursuant to this strategy, Avon announces that it has entered into a number of agreements ("the Proposed Transactions") to acquire:

- 100% of the Lady Annie Project from Buka Minerals Limited ("Buka")
- 100% of Reefway Pty Limited ("Reefway")
- 100% of Savannah Resources Pty Limited ("Savannah")

The Proposed Transactions, with an estimated gross cash and share consideration of up to \$26 million based on current share prices, will see Avon emerge as a major strategic tenement holder in the Mt Isa Block and establish the key elements for developing a sustainable copper oxide mining operation.

Avon's consolidation of the various mineral interests in the Mt Isa region will result in a coherent multi-project tenement package covering some 70 km of strike length.

The acquisition and ultimate development of the Lady Annie Project will allow the Company to rapidly become a copper producer. Beyond this, the Company will seek to expand production through the development of Reefway, Savannah and existing Avon projects. Avon, Reefway and Savannah hold an extensive and highly prospective tenement position that hosts several known mineralised copper oxide and sulphide resources and prospects.

Supporting the CopperCo strategy are major shareholders of Avon and Buka, Mineral Securities Limited ("Mineral Securities") and Mr Robert Champion de Crespigny respectively. Post the Proposed Transactions, Mineral Securities and Buka are anticipated to be the largest shareholders of the Company.

The Board is pleased to announce the appointment of Mr Brian Rear as a Director of the Company to oversee the implementation of the Company's CopperCo strategy. Until recently Mr Rear was co-founder, CEO and Director of copper producer Straits Resources Limited.

2. COPPERCo DEVELOPMENT STRATEGY

"Snowden has concluded from its technical review that Avon has the key elements in place for developing a sustainable copper oxide mining operation."

Overview

CopperCo's strategy is to create a substantial independent copper producer. This will be initiated with three acquisitions resulting in the Company becoming a major land holder in the Mt Isa Block. The acquisitions provide the Company:

- a clear multi-project development pipeline commencing with the Lady Annie Project;
- major regional consolidation resulting in a coherent tenement package covering some 70 km of strike length of the prospective McNamara Group. The McNamara Group hosts several prominent base metal deposits within the Mt Isa Block; and
- with an extensive and highly prospective tenement position that hosts several known mineralised copper oxide and sulphide resources and prospects.

Immediate Production Potential

The development strategy aims to bring the Lady Annie Project into production by completing a feasibility study into producing a minimum of 15,000 tpa copper cathode production. In parallel with the feasibility study resource development drilling at the nearby Mt Clarke prospect, situated on the Mt Kelly tenement 20km south of the Lady Annie Project, will be carried out with the objective of delineating a satellite copper oxide orebody. The primary objective is to develop a mineral resource inventory of at least 150,000 tonnes of contained leachable copper during the first twelve months centred on a production base at Lady Annie. The copper oxide mineralisation defined to date at Lady Annie and the satellite Mount Clarke deposit at a cut-off of 0.5% Cu amounts to:

	Million Tonnes	Cu Grade
Lady Annie Project ¹	5.3 Mt	1.75%
Mt Clarke	1.6 Mt	0.9%

Immediate potential exists on both properties to increase the resource base. Buka has defined some thirteen exploration targets in the immediate proximity of the Lady Annie Project. At Mt Clarke, mineralisation is not closed off by drilling to the north and south and remains open to the west on several drill sections.

The Lady Annie feasibility study will seek to recognise the potential development synergies with the Mt Clarke Project. In addition, the study will consider the potential for an increased global copper inventory in the design of the solvent extraction and electrowinning plants to ensure higher capacity is either built in or ready expansion is provided for. Successful completion of the feasibility study would enable the company to commence production in 2006.

¹ The resource was estimated using the polygonal method, which in Snowden's opinion, has possibly understated the tonnage and overstated the grade of this resource at the specified 0.5% and 0.3% Cu cut-offs. Snowden was unable to determine the extent to which this could alter the resource without undertaking 3-dimensional modelling. Snowden has concluded that the current drill hole spacing provides sufficient confidence in Buka's resource classification and that the polygonal resource model is suitable for use in the Lady Annie pre-feasibility study.

Long Term Production Potential

A long term production expansion strategy will be supported by a prioritized exploration programme focused on Mt Kelly, the Buckley River prospect and Avon's Cameron River prospect. In addition the strategy will examine the production potential of the chalcocite mineralisation that exists at depth at Lady Annie currently estimated at 6.52 Mt at 1.16% using a 0.3% cu cut-off.

Other potential copper oxide targets within the area immediately adjoining the Mount Clarke copper oxide deposit include the Flying Horse and Tina copper geochemical anomalies and the historic Mount Kelly copper workings. At the Macleod Hill prospect, located 5km south of the Mount Kelly workings, limited previous drilling by CRA along the McNamara Fault returned copper oxide intersections of up to 16 m at 2.82% Cu. The Dividend prospect, located 3 km east of the Mount Kelly workings, is a structurally complex area associated with elevated copper-gold values in iron-rich outcrops along possible fault structures. These prospects currently represent high priority, early stage exploration targets that could potentially contribute to an expansion of the copper oxide inventory within the project. It is noteworthy that, with the exception of the Dividend prospect, all these prospect areas are located within granted mining leases.

Reefway's 100% owned Buckley River project is a single granted EPM located approximately 40 km south of the Mount Kelly project. Two main prospect areas have been outlined, the Anthill prospect and the Johnson Creek prospect, with the former selected for immediate attention. Prominent ferruginous outcrops with elevated copper and gold values mark the Anthill prospect, which appears to be related to the intersection of the Camp and Kennedy faults. During the early 1990's MIM drilled a number of RC holes into this prospect indicating the presence of significant copper oxide mineralisation. This occurrence was reported in MIM's Information Memorandum in relation to Xstrata's Scheme of Arrangement to contain 1.6 Mt at 1.9% Cu, though Snowden was unable to verify this estimate and therefore cannot comment on its integrity. From the available information, the estimate appears to be based on a limited number of drill holes and is therefore viewed as being of low confidence. Further priority work will include geological mapping and definition of drill targets.

The Cameron River project is located midway between Mt Isa and Cloncurry. Most of the previous exploration work completed within the project area has concentrated on the Black Rock (Pinnacle) copper-gold prospect where copper oxide mineralisation is visible along a 700 m zone ranging between 10 and 25 m in width. The mineralisation, which is exposed in numerous old workings and costeans, appears to be associated with steeply dipping, north-south trending shears developed along a quartzite unit. No drilling has specifically tested this zone for its copper oxide potential. There are also numerous old copper workings developed along the northern and southern extensions of this structure within the EPM, which have yet to be assessed. Snowden regards these areas as having good potential for hosting significant quantities of copper oxide mineralisation, however, they are at an early stage of assessment.

Snowden Corporate Services Pty Ltd was commissioned by Avon to prepare a comprehensive independent technical review of the mineral assets subject to the Proposed Transactions. An extract from the Snowden's report is appended to this announcement. A comprehensive technical report will be included in a prospectus planned to be issued by the Company.

3. PROPOSED COPPERCo TRANSACTIONS

3.1. Summary

Pursuant to development of the CopperCo strategy, Avon announces that it has entered into a number of agreements to acquire:

- 100% of the Lady Annie Project from Buka
- 100% of Reefway
- 100% of Savannah

The total consideration for the Proposed Transactions comprises:

- the issue of 530 million Avon shares at a deemed price of A\$0.02;
- the payment of \$6.1 million in cash upon Completion;
- the deferred payment of \$1.0 million in cash on or before 30 June 2005 and \$3.0 million in cash on or before 30 June 2006;
- two contingent payments of \$1.0 million each upon completing two milestones; and
- royalty approximating 1% NSR payable above certain accumulated production thresholds.

3.2. Acquisition of the Lady Annie Project

Background

The Lady Annie copper oxide deposit is located 140 km northwest of Mt Isa. Both the Lady Annie and Lady Loretta Projects are located on ML5568. ML5568 is held by Noranda Pacific Pty Limited (75%) and Buka Minerals (Lady Loretta No 2) Pty Ltd ("BMLL2") (25%). The Lady Annie Project comprises a sublease being a volumetric "block" to a depth of 149 metres and contained within ML5568. The sublease is held 49% by Buka Minerals (Lady Loretta) Pty Ltd ("BMLL") and 51% by BMLL2.

BMLL is a wholly owned subsidiary of Buka, a Company listed on the Australian Stock Exchange Limited ("ASX"). Pursuant to the Proposed Transactions, Avon will acquire 100% of BMLL from Buka and a 51% direct interest in the sublease from BMLL2.

In addition to the interest in the sublease, Avon will acquire several exploration permit applications and one granted exploration permit in the region of the Lady Annie Project. Further information on the Lady Annie Project and BMLL's other mineral interests are outlined in the attached Appendix. BMLL currently has no employees.

Consideration

Avon will effectively purchase 100% of the Lady Annie Project from Buka for the issue of 300 million Avon shares and \$5.0 million (\$2 million on completion, \$3 million by 30 June 2006), with a further \$2.0 million payable upon completing two milestones.

The Lady Annie Project acquisition is structured as follows:

- (i) Avon acquires 100% of BMLL, which holds a 49% interest in the Lady Annie Project sublease, for:
 - a) 300 million Avon shares; and
 - b) total contingent payment of \$980,000 payable on completing two milestones ("Contingent Payments"). The Contingent Payments are payable in equal instalments of \$490,000 each within 90 days of the following occurring:
 - upon the Purchaser executing any finance facility for the development of a mine on the Lady Annie Project sublease (either alone on or together with any other area), or if the development of such a mine is equity financed, then upon commencement of construction of that mine; and
 - upon BMLL and Avon becoming the sole registered holders of a mining lease over the area of the sublease within two years of completion or substantially as a result of arrangements put in place in those two years.
- (ii) Avon acquires 51% direct interest in the Lady Annie Project sublease from BMLL2 for:
 - a) \$2.0 million on completion;
 - b) deferred payment of \$3.0 million due by 30 June 2006; and

- c) total Contingent Payments of \$1.02 million payable in equal instalments of \$510,000 each on completing the two milestones identified above.

Conditions Precedent

The key conditions precedent for the acquisition of the Lady Annie Project are as follows:

- Avon completing due diligence;
- execution of the assignment of the sublease by Buka, BMLL and Noranda Pacific Pty Limited;
- applicable regulatory approvals and consents necessary for the assignment of the Lady Annie Project sublease and satisfying any conditions to that consent;
- applicable Avon and Buka shareholder approvals; and
- BMLL to have discharged liabilities prior to completion;
- Avon undertaking a capital raising of at least \$6 million at an issue price of at least \$0.02 per share; and
- completion of the Savannah and Reefway acquisitions occurring contemporaneously with the Lady Annie acquisitions.

3.3. Acquisition of Reefway Pty Limited

Background

The principal activity of Reefway is the exploration and evaluation of the company's mineral interest in the Mt Isa Block and in particular its Mount Kelly and Buckley River copper projects. Savannah (refer below) is currently earning a 50% interest in the Mount Kelly and Buckley River projects. Further information on Reefway's mineral interests is outlined in the attached Appendix. Reefway will have no employees at completion.

The shareholders of Reefway are Pegmont Mines NL ("Pegmont"), a company listed on the Newcastle Stock Exchange ("NSX") with a 76.7% interest, Pegasus Enterprises Ltd ("Pegasus"), an unlisted public company related to Pegmont with a 14.3% interest, and Goldsearch Limited with a 9% interest.

Consideration

Avon will purchase 100% of Reefway for 66,666,666 Avon shares, \$3,060,000 payable on completion, \$1,000,000 plus interest payable by 30 June 2005 and a royalty calculated on production from Reefway's tenements.

Conditions Precedent

The satisfaction of key conditions precedent for the acquisition of Reefway by 30 August 2004 as follows:

- Avon completing due diligence;
- Avon, Reefway, Pegmont and Pegasus obtaining necessary shareholder approval; and
- Avon raising \$2 million in equity at not less than A\$0.015 per share prior to completion.

Royalty

A royalty is payable on production from the Reefway tenements which is the greater of a gross royalty payable on certain net payable metals derived from the tenements and a 1% the Net Smelter Return. In respect of the major metals, the royalty is only payable upon certain accumulated production thresholds being exceeded, for example 100,000 tonnes of Net Payable Copper.

3.4. Acquisition of Savannah Resources Pty Limited

Background

Savannah is a wholly owned subsidiary of International Base Metals Limited ("IBML"). Savannah's principal activity is the exploration and evaluation of its mineral interests in the Mt Isa Block and in particular the company is currently earning a 50% interest in the Mount Kelly and Buckley River projects from Reefway. Further information on Savannah's mineral interests are outlined in Appendix. The company currently has no employees.

Consideration

Avon will purchase 100% of Savannah Resources Pty Limited from IBML for 163,333,333 Avon shares and \$1 million payable on completion.

Conditions Precedent

The key conditions precedent for the acquisition of Savannah are as follows:

- Avon and IBML each completing due diligence;
- Avon obtaining requisite shareholder approvals; and
- Savannah completing a sale of certain of its mining assets that do not form part of this transaction.

3.5. Mineral Securities Limited Success Fee

Pursuant to the Proposed Transactions, Mineral Securities shall be entitled to a success fee for corporate advisory services rendered in respect of assisting Avon with:

- originating 'CopperCo' and identifying potential CopperCo acquisitions;
- negotiating the Proposed Transactions on behalf of Avon;
- raising any necessary debt or equity; and
- managing the acquisition process.

The success fee payable to Mineral Securities upon completion shall comprise \$250,000 and 80 million unlisted Avon options exercisable at the proposed capital raising share price and exercisable on or before 30 June 2006 ("the Success Fee"). The payment of the Success Fee will be subject to Avon shareholder approval if required.

3.6. Issue of Incentive Options to Mr Brian Rear

Mr Rear has been appointed as a Director with the responsibility for the implementation of the Company's CopperCo strategy. Until recently Mr Rear was co-founder, CEO and Director of copper producer Straits Resources Limited.

Avon proposes to issue to Mr Rear, 50,000,000 unlisted options to provide an incentive and loyalty driven component to his remuneration package. The options to be issued to Mr Rear will give the right to subscribe for one ordinary share in Avon exercisable at the proposed capital raising share price on or before 30 June 2008. The options will only vest upon financing a 10,000 tonne per year copper cathode operation by Avon. The issue of the options to Mr Rear are subject to Avon shareholder approval.

4. PRO FORMA SHARE CAPITAL STRUCTURE

Presented in the table below is summary of the pro forma Avon share capital upon completion excluding the effect of any capital raising ("Pro Forma"):

	Current Shares	Consideration Shares	Post Proposal Shares	%
Existing Avon Shareholders	289,361,875		289,361,875	35.32%
Savannah Vendors (IBML shareholders) ^[i]		163,333,333	163,333,333	19.93%
Buka Minerals Ltd		300,000,000	300,000,000	36.61%
Reefway Vendors		66,666,667	66,666,667	8.14%
Total	289,361,875	530,000,000	819,361,875	100.00%

[i] Subject to IBML shareholder and ASX approval, IBML intends to distribute the share consideration to its shareholders.

Substantial Shareholders

Presented in the table below is a summary of projected substantial shareholders of Avon after giving effect to Pro Forma capital structure (refer above):

	Post Completion	
	Shares	%
Existing Avon Shareholders		
Mineral Securities Limited	67.5	8.2%
Lady Annie Project Vendors		
Buka Minerals Limited	300.0	36.6%
Savannah Vendors		
No substantial shareholders	-	-
Reefway Vendors		
Pegmont Mines NL	51.2	6.2%

5. FINANCIAL

5.1. Budgeted CopperCo Acquisition Expenditure

Presented in the table below is a summarised projected expenditure budget for the Proposed Transactions as at Completion:

(A\$ millions)	Pre Completion	Completion	Total Expenditure
Transaction Costs	0.3	0.7	1.0
Lady Annie Project Acquisition	-	2.0	2.0
Reefway Acquisition	-	3.1	3.1
Savannah Acquisition	-	1.0	1.0
Total	0.3	6.8	7.1

After giving effect to the projected expenditure commitments tabled above and the post capital raising cash on hand, the Company projects a cash balance upon completion of \$5 million. These funds will be applied to:

- completing the Lady Annie feasibility;
- substantial upgrading of the Mount Kelly and Buckley River resources;
- regional exploration and in particular Cameron River; and
- working capital requirements until approximately mid 2005.

5.2. Financing

Capital Raising

The Company will seek to raise approximately \$11 million through a combination of equity and mezzanine debt. Discussions are underway with a number of financiers with a view to securing up to \$5 million in feasibility debt financing. In addition, the Company plans to conduct a minimum \$6 million equity capital raising pursuant to a disclosure document to be prepared by the Company. In this regard, it is the Company's intention to give existing Avon shareholders a \$3 million preferred allocation pursuant to the proposed equity raising.

A disclosure document for the offer will be made available when the shares are offered. Persons that wish to acquire the shares will need to complete the relevant application form that will be in or will accompany the disclosure document.

Cash Balance

As at 15 June 2004, Avon had cash resources (including the LNG sale proceeds) of A\$1.3 million.

6. PROPOSED TIMETABLE

Presented in the table below is a summary of the proposed CopperCo acquisition, capital raising and development timetable:

Activity (Quarters)		2004			2005				2006			
		Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
CopperCo Launch	Jun 04											
Prospectus Release	Jul 04											
Notice of Shareholders Meeting	Jul 04											
Close Capital Raising	Aug 04											
Shareholders Meeting	Aug 04											
Completion and Name Change	Aug 04											
Feasibility Study												
Exploration Activity												
Project Development Financing												
Construction												
Production												

The ultimate development of the Lady Annie Project is dependent upon the successful outcome of the proposed feasibility and project financing. The successful outcome of the proposed feasibility and project development financing is subject to a number of technical, commercial and financial risk factors.

7. BOARD OF DIRECTORS

Mr Brian Rear (Executive Director, appointed 16 June 2004)

The Company is very pleased to announce the appointment of Mr Rear as a Director of Avon Resources Limited. Mr Rear is a highly respected resource company manager and will be responsible for leading the implementation of the Company's CopperCo strategy.

Mr Rear has 32 years of technical and managerial resources experience in Australia, New Guinea, United Kingdom, Europe, South Africa and Indonesia with a wide range of successful resource companies including CRA, Rio Tinto Consultants, Barrack Mines, Anglovaal and Straits Resources Limited ("Straits"). Mr Rear's extensive resource experience covers gold, base metals, uranium, thermal coal and industrial minerals. Mr Rear has been instrumental in defining the model for the profitable development of stand-alone heap leach copper projects in Australia.

Mr Rear is a graduate of the Western Australian School of Mines in metallurgy (AWASM) and also a graduate of the Royal School of Mines London, holding a Diploma of Imperial College (DIC) and an MSc(Lon) in mineral process design from the University of London. He holds a Masters Degree in Business Leadership (MBL) from the University of South Africa's School of Business Leadership.

Mr Rear is one of the founders of Straits, an ASX listed company, and held the position of CEO and Director from its inception in 1991 through to 2002. During this period he oversaw the development of the company from inception to a producing mining company with an asset base over A\$220 million, and revenue in 2001 of A\$140 million. During his time with Straits the company developed two greenfield projects and effected the turn-around of a significant copper project acquired from Western Mining Corporation Limited.

- Straits has reported that the Girilambone Copper Project generated a +40% annual return on its initial investment during its nine year life and provided the basis for the public listing of the company; and
- the purchase by Straits of the Nifty Copper Project from WMC Limited. In addition to the dividends received over several years by Straits, the company recently sold the Nifty assets for A\$159,000,000, representing an approximate 300% return on the initial investment.

Mr Rear is currently Non Executive Chairman of South Boulder Mines Limited and Zambezi Resources Limited and Non Executive Director of IBML.

Ms Sally Capp (Director, resigned 16 June 2004)

Avon advises that Ms Sally Anne Capp has resigned as a director of the Company. Ms Capp endorses the Company's CopperCo strategy and resigns for personal reasons. The board wishes to express their appreciation for Ms Capp's valuable contribution to the Company.

Other Directors

Pursuant to the Savanah and Buka Agreements, IBML and Buka respectively may each nominate one director to the board of Avon to be appointed at the completion of the relevant acquisitions. As at the date of this announcement, Buka has not nominated a director at this time.

The Company is pleased to announce that IBML has nominated its founding director and Chairman, Mr Stephen Blackman (BBus, MBA, ACIS, ACIM, ASIA, MAusIMM, FGAA) as their director nominee. Mr Blackman will be appointed as an executive director with the responsibility for commercial and financial matters. Mr Blackman has 37 years of experience in the resource industry in corporate, commercial and financial roles. This experience includes periods of employment with Consolidated Gold Fields Limited, Australian Mining and Smelting Limited and CRA. Mr Blackman represented the Canadian Imperial Bank of Commerce in the resources sector in Australia before becoming a corporate advisor to both major and emerging growth companies.

Pursuant to the agreement to acquire Reefway, subject to certain conditions, Pegmont may be entitled to nominate one director to be appointed to the boards of the Avon and Reefway.

Avon's existing directors, Mr Keith Liddell and Mr Richard Basham, shall remain as Non Executive Chairman and Non Executive Director respectively.

8. CORPORATE

Change of Name

Reflecting the expansion of the Company's copper activities, the board proposes to, subject to shareholder approval, change the Company's name to CopperCo Limited.

Regulatory

The Proposed Transactions are subject to Avon, Buka, Pegmont and Pegasus shareholder approval pursuant to but not limited to Section 611 (Item 7) of the Corporations Act and ASX Listing Rule 7.1 and 10.11.

The ASX has advised that subject to certain conditions being met, the Company will not be required to comply with Chapters 1 and 2 of the Listing Rules. The Company anticipates that it will comply with these conditions.

Any escrow conditions that may apply to the shares and options to be issued as consideration pursuant to the Proposed Transactions including Mineral Securities and Mr Rear are subject to the discretion of the ASX.

9. COMPLETION OF SALE OF ENERGY INTERESTS

On 1 May 2004, Avon announced its intention to seek the sale of its interests in Liquefied Natural Gas Limited ("LNG"). The Directors of Avon are pleased to announce that it has now completed the sale of its shares in LNG to a number of private investors. Pursuant to the sale, the Company will realise \$930,000 net of costs from the disposal of 9.5 million ordinary shares in LNG. The sale proceeds will significantly boost the Company's cash reserves ahead of the CopperCo acquisitions.

The Company is also in advanced discussions with LNG with a view to securing a preferred allocation for Avon shareholders in respect of LNG's proposed Initial Public Offering and listing on the ASX. The details of any preferred allocation shall be announced when they become available.

APPENDIX

Extract from the Independent Technical Review by Snowden Corporate Services Pty Limited²

of the Mineral Assets of

Reefway Pty Ltd

Savannah Resources Pty Ltd,

Avon Resources Ltd

The Lady Annie Copper Project of Buka Minerals Ltd

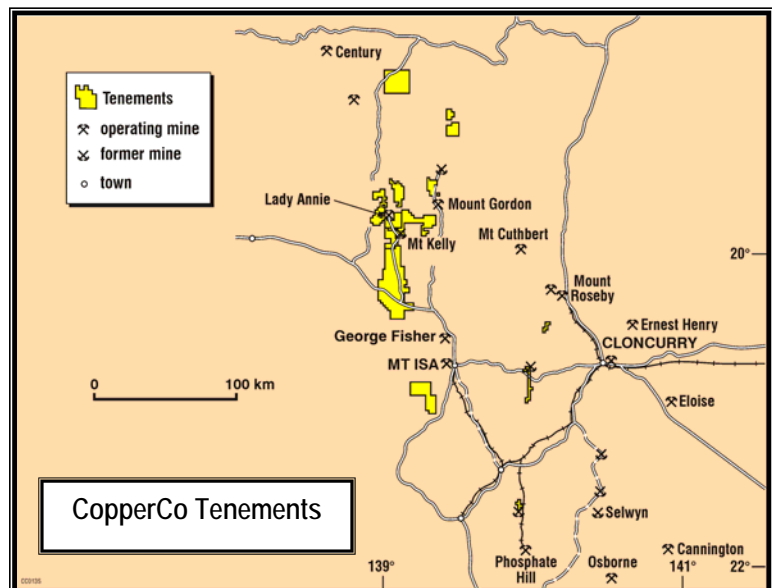
Snowden Corporate Services Pty Limited (Snowden) has prepared an Independent Technical Review of the Mineral Assets of Reefway Pty Ltd (Reefway), Savannah Resources Pty Ltd (Savannah) and Avon Resources Ltd (Avon), and of Buka Minerals Ltd's (Buka) Lady Annie copper project. The majority of the mineral projects which are the subject of this review are located in the Mt Isa region of northwest Queensland. The principal objective of this review is to confirm the occurrence of or potential for copper oxide mineralisation within each of the northwest Queensland project areas. It is Snowden's understanding that Avon's corporate objective is to develop a sustainable heap leach SX/EW operation to recover copper metal from copper oxide ores through the amalgamation of these mineral assets.

OVERALL OPINION

Avon's consolidation of the various mineral interests in the Mt Isa region will result in a coherent tenement package covering some 70 km of strike length of the prospective McNamara Group which hosts several of the major base metal deposits within the Mt Isa Block. This tenement holding covers several known occurrences of copper oxide and sulphide mineralisation related to a number of significant fault structures. Of these occurrences, the most noteworthy are the Lady Annie, Mount Clarke and Anthill copper oxide deposits. The combined tonnage of the copper oxide mineralisation defined to date at Lady Annie and the satellite Mount Clarke deposit amounts to 6.9 Mt at 1.55% Cu at a 0.5% Cu cut-off.

In order to progress these deposits into production, further feasibility work is required at Lady Annie and further detailed exploration and resource drilling is required at the Mount Clarke deposit. Snowden considers that there is potential to substantially expand the defined resource at Mount Clarke. Both of these shallow resources are located within granted mining leases.

Outside of the main resource areas, several copper oxide exploration targets have been recognised that in due course are likely to contribute to an expansion of the project's resource inventory. Of these targets, drilling of the Anthill prospect will be the main priority.



² Snowden Corporate Services Pty Ltd consents to the inclusion of this report in Avon Resources Limited's Australian Stock Exchange release and to the inclusion of Snowden's name in the form and context in which it appears herein.

Here, previous explorers had outlined a copper oxide deposit of some 1.6 Mt at 1.9% copper; however, Snowden has been unable to confirm this estimate from the available information.

Snowden has concluded from its technical review that Avon has the key elements in place for developing a sustainable copper oxide mining operation. The challenges confronting the company in achieving this objective will be dependent on the skills of the management team it assembles and the outcome of future feasibility studies. Notwithstanding this and future copper price movements, we expect that the company could be producing copper cathode by mid 2006 and if this is accomplished, Snowden would consider this a favourable outcome. We also recognise the opportunity for the company to make further discoveries through the continued exploration of its extensive and highly prospective tenement holding which has yet to be effectively assessed for its copper oxide potential.

The principal findings from Snowden's review of the various mineral assets are summarised as below

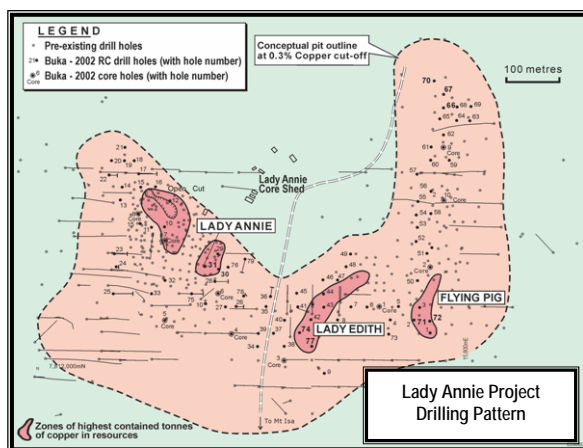
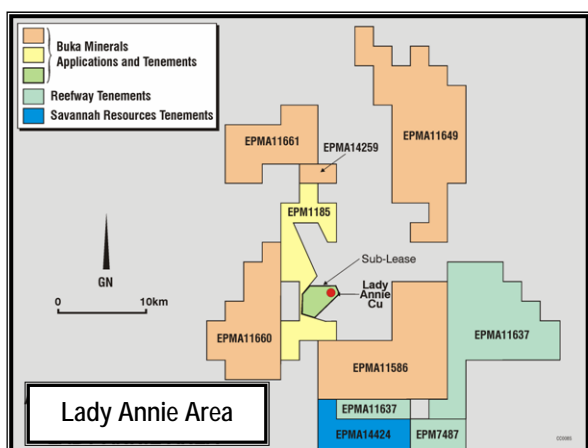
MINING AND EXPLORATION HISTORY

Since the discovery of copper and gold near Cloncurry in the 1860's, the Mt Isa Block has been a major producer of copper, lead, zinc, silver and phosphate, along with substantial amounts of gold, uranium and cobalt and minor amounts of manganese, cadmium, bismuth, tungsten, beryl and mica.

The zinc-lead-silver deposits at Mt Isa were discovered along a low rocky ridge in 1923. The high grade copper ore bodies were discovered in the 1960's and have since become Australia's foremost copper producer. During the 1980's, an increase in mineral exploration throughout the region resulted in several more significant mineral discoveries. The past 15 years has seen new mine developments in zinc-lead-silver at Century, Cannington and George Fisher; copper at Esperanza, Mammoth, Enterprise, Cloncurry and Mount Cuthbert; copper-gold at Ernest Henry, Osborne, Eloise, Mount Elliot and Selwyn; gold at Tick Hill and phosphate at Duchess.

Historically, the western Mt Isa Block has attracted major base metal companies seeking primary deposits of significant size. Areas that failed to show potential for large discoveries might not have been examined further. The Gunpowder area is an example of where mid-ranking companies (Aberfoyle and subsequently Western Metals and Aditya Birla) have effectively explored for and developed high grade copper deposits (Esperanza and Mammoth) of modest size. As a result of the historic dominance in the region by the major companies, many moderate targets have not been rigorously assessed particularly for their copper oxide potential.

BUKA'S LADY ANNIE COPPER OXIDE PROJECT



Buka's 100%-owned Lady Annie copper oxide deposit is located 140 km northwest of Mt Isa. The deposit is held under a sub-lease to a depth of 149 m (174 mRL) within ML 5568, which is 75%-owned by Noranda Pacific in joint venture with Buka. The copper oxide deposit consists primarily of malachite mineralisation underlain by deeper chalcocite mineralisation at depths ranging from 60 m to 100 m.

Buka's 2003 mineral resource estimate³ for the copper oxide mineralisation at Lady Annie is 5.3 Mt at 1.75% Cu at a 0.5% Cu cut-off. Of this 3.27 Mt at 1.86% Cu is classified as Measured, 1.40 Mt at 1.64% Cu as Indicated and 0.62 Mt at 1.39% Cu as Inferred. At a 0.3% Cu cut-off the resource increases to 8.9 Mt at 1.17% Cu. The resource was estimated using the polygonal method, which in Snowden's opinion, has possibly understated the tonnage and overstated the grade of this resource at the specified 0.5% and 0.3% Cu cut-offs. Snowden was unable to determine the extent to which this could alter the resource without undertaking 3-dimensional modelling. Snowden has concluded that the current drill hole spacing provides sufficient confidence in Buka's resource classification and that the polygonal resource model is suitable for use in the Lady Annie pre-feasibility study. It is recommended, however, that a 3-dimensional resource model be developed for use in future feasibility studies.

The transition and sulphide copper mineralisation at Lady Annie occurs below the base of complete oxidation (BOCO), which is marked by a pronounced increase in carbonate content. The BOCO varies in depth from 60 to 100 m below surface and forms an undulating surface with distinct inflections related to steeply dipping faults that cross cut the area. The transition zone mineralisation is characterized by malachite with chalcocite and minor cuprite and chrysocolla. The primary sulphide mineralisation consists of one or more of chalcocite, chalcopyrite, bornite and pyrite occurring in carbonate and quartz veins and vein breccias. The sulphide mineralisation at depth appears to be structurally controlled with significant drill intersections commonly associated with fault zone related silicification.

Buka's 2001 mineral resource estimate⁴ for the sulphide and transition mineralisation at Lady Annie at a 0.3% Cu cut-off is:

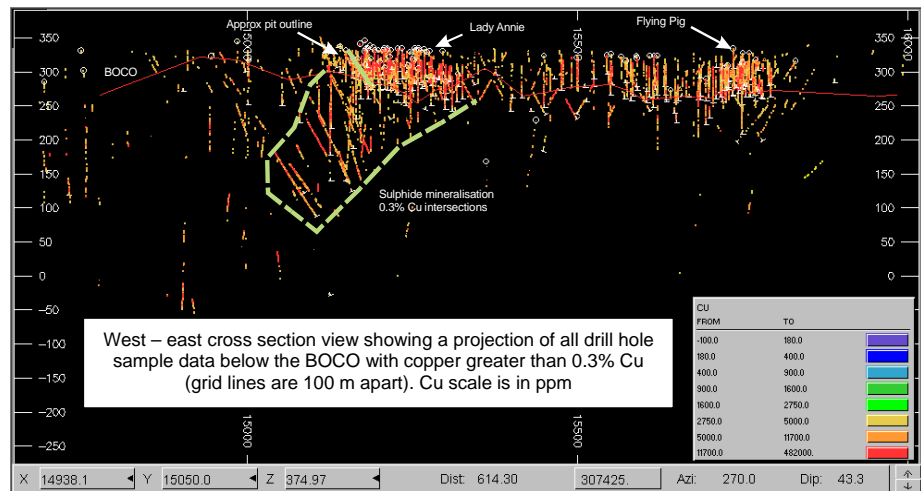
Category	Tonnes (Mount)	Cu grade (%)
Above 174 mRL level		
Measured	3.42	1.13
Indicated	0.09	1.20
Inferred	3.01	1.20
TOTAL	6.52	1.16
Below 174 mRL level		
Measured	1.31	1.28
Indicated	0.10	1.20
Inferred	1.93	1.20
TOTAL	3.34	1.23

The resource was estimated using the polygonal method. It is Snowden's opinion that the practice of assigning the average grade of the Measured Resource in this estimate to the Indicated and Inferred categories is not considered realistic, particularly since the grade of the mineralisation decreases significantly away from the more densely sampled areas. This coupled with the polygonal estimation technique will contribute to the resource tonnage being understated and resource grade being overstated.

³ Buka Minerals Limited, Annual Financial Report, 2003, page 11

⁴ Buka Minerals Limited, Annual Financial Report, 2003, page 11

The transition and sulphide mineralisation defined to date at Lady Annie is confined to the area west of Lady Annie along the Mount Lorrie Fault. Drilling has intersected substantial intervals of copper mineralisation, although the lack of continuity of the mineralisation does appear due to the limited drill hole coverage. Average grades of this area are in the order of 1.1% Cu. There is potential to extend this mineralisation at depth with further drilling. The depth extent of the copper mineralisation below the BOCO over the rest of the Lady Annie deposit is virtually untested. The Paradise Fault at Flying Pig is a potential target for deeper sulphide mineralisation.



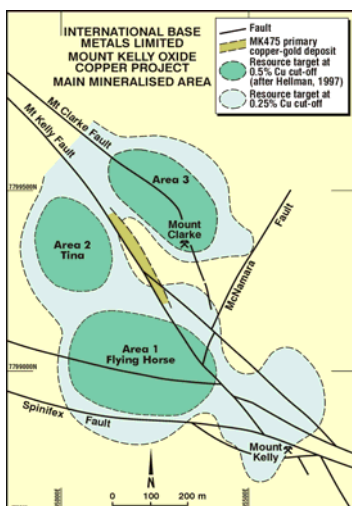
Previous exploration activity by Buka within the Lady Annie project tenements has been confined to EPM 11185, located to the west of the Lady Annie copper deposit, and within ML 5568. Buka has applied for another four adjoining exploration permits, which are pending resolution of native title issues.

A number of copper exploration targets have been identified based on a review of previous exploration data, favourable structural and geological settings, the results from soil geochemical and geophysical surveys and the presence of surface copper oxide mineralisation. Three copper target areas have been identified within EPM 11185;

- the Climax Copper prospect in the northern end of the EPM, defined by a soil anomaly;
- the Galah Creek Syncline copper anomaly; and
- the Qestem airborne electro-magnetic (AEM) anomalies.

Within the Lady Annie sub-lease, Buka has defined up to 13 exploration targets based on known copper geochemical and geophysical anomalies. Some of these targets have been drilled tested and indicate the presence low grade copper mineralisation. The most prospective targets are in the general vicinity of the Lady Annie copper deposit but have had little follow-up work completed on them.

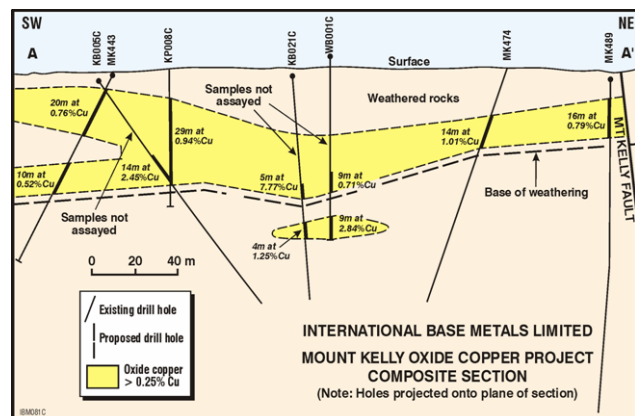
REEFWAY'S AND IBML'S MOUNT KELLY COPPER OXIDE PROJECT



IBML is currently earning a 50% interest above a depth of 100 m in Reefway's 100%-owned Mount Kelly project area located approximately 100 km to the north-northwest of Mt Isa. The project area has been the subject of several exploration campaigns by various companies since the 1960's. The main prospects identified in the project area to date comprise:

- the Mount Clarke copper oxide deposit;
- the adjoining historic Mount Kelly copper workings, and the Flying Horse and Tina copper oxide exploration targets;
- the MK475 (or Mount Kelly Fault) copper-gold sulphide deposit; and
- the nearby Macleod Hill and Dividend copper oxide prospects.

The Mount Clarke copper oxide deposit is a sub-horizontal blanket of up to 35 m in thickness, extending from surface to a depth of around 80 m. An Inferred Resource of 0.9 Mt at 1.1% Cu at a 0.7% Cu cut-off and an assumed density of 2.0 t/m³ was estimated for the copper oxide deposit by Hellman and Schofield (H&S)⁵ in 2004. Snowden is satisfied with the integrity of this resource estimate and endorses the Inferred classification. The total tonnage of the resource is very sensitive to copper grade cut-off and there is a considerable increase in tonnage (to 1.6 Mt) when reporting the resource at a 0.5% Cu cut-off for a small decrease in overall grade (average 0.9% Cu). The resource is not closed off by drilling to the north or south and remains open to the west on several drill sections. Snowden therefore considers that there is potential to increase the tonnage of this resource.



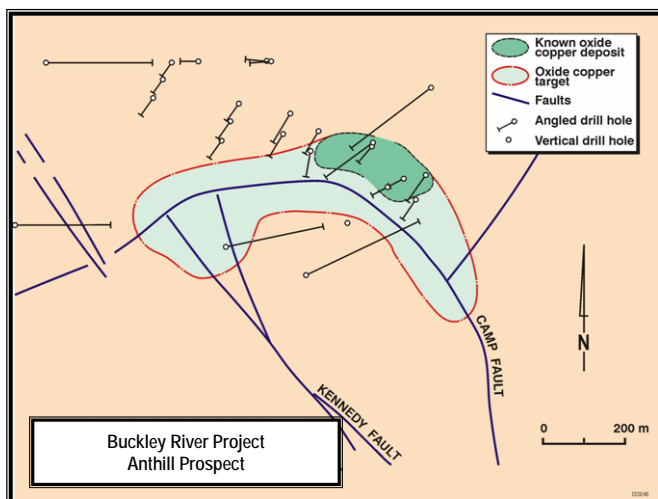
Below a depth of 100 m, Xstrata is currently earning a 75% interest in the project by expending \$10 million in exploration. Reefway and IBML each retain the right to a 12.5% interest in any Xstrata discovery. Significant primary copper-gold mineralisation has been outlined along the Mount Kelly Fault located to the immediate west of the Mount Clarke copper oxide deposit. In 2001, H&S reported an Inferred Resource of 450,000 t at 1.3 g/t Au and 2.0% Cu for the Mount Kelly Fault (based on a 1% CuEq grade cut-off where 1.0% Cu = 1 g/t Au and an assumed density of 2.7 t/m³). A further Inferred Resource of 180,000 t at 1.8% Cu was estimated for the primary mineralisation hosted along the adjoining Spinifex Fault. At a 3% CuEq cut-off, which is considered more appropriate for underground mining, the Inferred Resource was reported as 160,000 t at 3.0 g/t Au and 2.8% Cu for the Mount Kelly Fault and 10,000 t at 0.1 g/t Au and 3.3% Cu for the Spinifex Fault. Snowden has not reviewed these resource estimates but has concluded from its review that there is potential for extensions to this zone of primary copper mineralisation along the strike of the Mount Kelly Fault. A recent geophysical survey by Xstrata has detected a chargeability anomaly to the immediate northwest of the Mount Clarke copper oxide deposit indicating potential for further primary copper mineralisation at depth along the Mount Clarke Fault.

Other potential copper oxide targets within the area immediately adjoining the Mount Clarke copper oxide deposit include the Flying Horse and Tina copper geochemical anomalies and the historic Mount Kelly copper workings. At the Macleod Hill prospect, located 5km south of the Mount Kelly workings, limited previous drilling by CRA along the McNamara Fault returned copper oxide intersections of up to 16 m at 2.82% Cu. The Dividend prospect, located 3 km east of the Mount Kelly workings, is a structurally complex area associated with elevated copper-gold values in iron-rich outcrops along possible fault structures. Drilling by CRA and Reefway at the Dividend prospect has intersected minor copper oxide mineralisation with elevated gold values. IBML has completed no further work over these areas, which currently represent high priority, early stage exploration targets that could potentially contribute to an expansion of the copper oxide inventory within the project. It is noteworthy that, with the exception of the Dividend prospect, all these prospect areas are located within granted mining leases.

REEFWAY'S AND IBML'S BUCKLEY RIVER PROJECT

Reefway's 100%-owned Buckley River project is a single granted EPM located approximately 40 km south of the Mount Kelly project. IBML is currently earning a 50% interest in the project. Two main prospect areas have been outlined, the Anthill prospect and the Johnson Creek prospect.

⁵ The information in this release that relates to the copper and gold resources at Mt Clarke and Mt Kelly is based on information either estimated or compiled by Dr Phillip L Hellman who is a Director of Hellman & Schofield Pty Ltd ("H&S") and who qualifies as a Competent Person under the meaning of the 1999 JORC Code. He consents to the inclusion of these estimates in this release in the form and context in which they appear provided.



Prominent ferruginous outcrops with elevated copper and gold values mark the Anthill prospect, which appears to be related to the intersection of the Camp and Kennedy faults. During the early 1990's MIM drilled a number of RC holes into this prospect indicating the presence of significant copper oxide mineralisation. This occurrence was reported in MIM's Information Memorandum in relation to Xstrata's Scheme of Arrangement to contain 1.6 Mt at 1.9% Cu, however, Snowden was unable to verify this estimate and therefore cannot comment on its integrity. From the available information, the estimate appears to be based on a limited number of drill holes and is therefore viewed as being of low confidence.

The defined copper oxide mineralisation also appears to occur at depths of between 40 and 60 m below surface, which may be a function of the restricted drill hole coverage.

IBML has interpreted the host Camp Fault to trend westwards away from MIM's drilling at Anthill and suggests that as a consequence, the fault-hosted mineralisation remains open along strike at both ends. Snowden concurs with IBML, however, further detailed exploration work is required to confirm this interpretation. Additional drilling is also recommended to increase the level of confidence in the reported resource estimate.

The Johnson Creek prospect lies in a structurally complex setting along the Johnson Creek Fault and is marked by ferruginous bodies with elevated levels of copper and cobalt. MIM drilled six holes into the area intersecting minor copper values. The prospect currently represents an early stage exploration target, which requires further work in order to gain a better understanding of the geological controls to the potential copper mineralisation.

REEFWAY'S WHOLLY-OWNED TENEMENTS

Reefway's Kennedy Gap project area comprises one EPM and one EPM application surrounding the Buckley River project. Previous exploration within the project area by various companies has outlined a number of base metal anomalies which have been subject to limited follow-up work. Large portions of the project area are concealed under Quaternary cover, however, several significant faults have been interpreted to trend through the area and represent conceptual targets for fault related copper oxide and sulphide mineralisation. The project area is currently at the early stage of evaluation.

The Wilfred Creek project area, located to the southwest of the Buckley River project, comprises one EPM and one EPM application. The main prospect area is a magnetic feature extending for up to 7 km, referred to as the May Downs anomaly, related to a zone of pyrrhotite mineralisation in siltstone with associated elevated levels of lead-zinc and minor copper mineralisation. Reefway drilled four RC holes into this anomaly with a best intercept of 4 m at 0.55% Zn. The May Down anomaly currently represents a largely untested lead-zinc target. Within the remaining project area, anomalous copper values have been reported associated with ferruginous outcrops along fault lines and represent targets for copper oxide mineralisation.

The Cattle Creek project area is a single EPM application located between the Mount Kelly and Buckley River project areas. This tenement has been subject to minor exploration work by several companies since the 1960's, however, extensive areas of Mesozoic cover and the deep weathering profile may have limited the effectiveness of this work. The current exploration targets identified by Reefway include the Buckley prospect, where copper anomalies associated with ferruginous outcrops have been identified and the Boomerang area which apparently hosts some historic copper oxide workings. A number of other conceptual targets for copper mineralisation have been identified associated with dilatant sites along prospective fault structures extending into the south of the project area.

The Redie Creek project area is a single EPM application located to the immediate northeast of the Mount Kelly project. Reefway has identified a number of copper targets within this tenement. The Barr Creek prospect is marked by numerous historic copper oxide workings and copper anomalous ferruginous outcrops at a fault intersection. BHP drilled six holes into the prospect, with a best intersection of 42 m at 0.32% Cu. The Big Bend prospect is also associated with old copper workings at a fault intersection. A single shallow hole drilled into a ferruginous gossan during the 1960's returned 13 m at 3.8% Cu. A number of other conceptual structural targets have been recognised along the Redie Creek and McNamara faults, which are considered by Snowden to represent priority exploration targets for the discovery of further copper oxide deposits.

The Mount Gordon Fault Zone project comprises the Investigator area, located to the south of Aditya Birla's Mount Gordon Operation, and the Torpedo Creek area, located to the immediate north of Mount Gordon and to the south of Perilya's Mount Oxide copper deposit. The Investigator area comprises two EPM applications that are currently the subject of competing applications by a third party. Two EPM applications make up the Torpedo area.

The main exploration target identified within the Investigator area is a line of historic copper oxide workings and malachite showings along the Investigator Fault where minor copper mineralisation was intersected in previous drilling. Splays off a number of faults including the Esperanza Fault have also been recognised by Reefway as targets for copper mineralisation.

There are no known copper occurrences within the Torpedo area, which has been subject to limited previous exploration work. The main exploration targets comprise a copper-zinc stream sediment anomaly of 4 km² in area identified by CRA in 1995, an area anomalous rock chip samples (up to 1350 ppm Cu) and a number of conceptual targets associated with the Mount Gordon Fault.

IBML'S WHOLLY-OWNED TENEMENTS

IBML's Cartridge Creek project area is a single EPM application located 250 km north of Mt Isa. The area has been previously explored by a number of companies since the 1960's including MIM who drilled 22 holes into several geophysical and geochemical targets. At the Piper prospect, minor chalcopryrite and malachite mineralisation occurs in veins and breccias along the Piper Fault. Assays of up to 0.5% Cu were returned from the five percussion holes drilled into a copper soil anomaly at this prospect. The Piper North prospect is a structurally complex area of leached siltstone and ironstone anomalous in copper, lead and zinc. Anomalous levels of lead and zinc mineralisation were encountered in six drill holes completed by MIM. The Harrier prospect is located along a northwest trending fault where malachite staining has been noted. The Falcon prospect is a copper and fluorine soil geochemical anomaly coincident with a fault hosting minor malachite mineralisation. The Kite prospect is a weak aeromagnetic feature associated with a copper soil geochemical anomaly. No drilling has been carried out at the Harrier, Falcon and Kite prospects.

IBML's Valparaisa project is a single EPM located 160 km north of Mt Isa that covers the interpreted northern continuation of the prospective Mount Gordon Fault. There has been limited previous exploration work completed within the project area. In the 1970's, BHP identified two extensive copper-bearing beds associated with malachite staining and soil geochemical anomalies of up to 3,470 ppm Cu. Percussion drilling into the beds to a maximum depth of 60 m recorded a best intercept of 3 m at 0.33% Cu. No follow-up exploration has been undertaken in the project area.

The Lady Maggie project area comprises a single EPM application located to the immediate west of the Mount Kelly project. Mesozoic cover masks the geology over much of the area making exploration difficult. The main prospect area is the old Lady Maggie mine workings which consists of a small open cut and shaft to around 60 m depth. The copper mineralisation at Lady Maggie is fault related, however, little is presently known about the copper oxide potential of this prospect or the host structure.

The Toby Creek project area is a single EPM application located 30 km southwest of Mt Isa. Much of the tenement area is unexplored. Three targets area have been identified by IBML based on previous exploration results. The Toby Creek prospect is a copper geochemical anomaly of up to 1,000 ppm identified by MIM. This anomaly was tested by three percussion holes and two diamond drill holes, which intersected anomalous copper values up to 2,040 ppm Cu. The Scotts prospect is a gravity anomaly where anomalous copper values have been encountered from previous drilling. The Almeida prospect is an outcropping limonitic siltstone anomalous in zinc (up to 1,190 ppm).

AVON'S TENEMENTS

Avon holds title to a number of tenements in northwest Queensland, New South Wales and Western Australia through its wholly owned subsidiary Millennium Minerals (Operations) Pty Ltd. The northwest Queensland tenements include the Cameron River EPM 11919, the Round Mount EPM's (2) and the Mount Birnie EPM application.

The Cameron River project is located midway between Mt Isa and Cloncurry. Most of the previous exploration work completed within the project area has concentrated on the Black Rock (Pinnacle) copper-gold prospect where copper oxide mineralisation is visible along a 700 m zone ranging between 10 and 25 m in width. The mineralisation, which is exposed in numerous old workings and costeans, appears to be associated with steeply dipping, north-south trending shears developed along a quartzite unit. No drilling has specifically tested this zone for its copper oxide potential. There are also numerous old copper workings developed along the northern and southern extensions of this structure within the EPM, which have yet to be assessed. Snowden regards these areas as having good potential for hosting significant quantities of copper oxide mineralisation, however, they are at an early stage of assessment.

Avon's Round Mount project is located approximately 30 km north of Cameron River. Regional geochemical surveys during the 1990's identified a number of skarns with associated copper-gold mineralisation. Anomalous copper values were reported from the drill testing of these skarns. Avon's proposed exploration programme within the project area will target copper-gold mineralisation associated with magnetite-chalcopyrite skarns similar to the Ernest Henry and Osborne deposits.

The Mount Birnie project area, located to the immediate north of MIM's former Tick Hill gold mine, covers the interpreted northern extension of a prospective D1 structure. Previous regional exploration work defined the Maidens Tank East copper geochemical anomaly. Drill testing of this prospect encountered anomalous copper and gold values. There remains potential for further copper-gold mineralisation related to this D1 structure, however, no further exploration work has been carried out.

Avon's Laverton Downs project is a single Exploration Licence located 20 km north of Laverton in Western Australia. Most of the previous exploration work completed over this tenement was by Placer Dome in joint venture with Avon. Exploration was focussed along the trend extending north from WMC's former Lancefield gold mine and around the historic Fairfield gold workings, however, the results from this work were not encouraging. Potential remains for concealed gold targets in areas of cover particularly associated with the Admiral Hill Shear.

Avon's Yarindury project in New South Wales is a single exploration licence located 34 km north of Wellington. The project area has been previously explored in joint venture with North and MIM who drilled several basement magnetic targets below thick Mesozoic cover, intersecting only weakly anomalous gold and copper values.

The Quidong project is a single exploration licence located 20 km west of the town of Bombala in New South Wales. Previous exploration work has identified areas enriched in lead, zinc and copper mineralisation reportedly associated with pyritic, carbonaceous limestones of the Quidong Limestone and siltstones of the Smelter Beds that form the lower Silurian sequence of the Quidong Basin. In other parts of the basin, base metal mineralisation is associated with two major northwest trending faults, which could be the conduits for the mineralisation. Known areas of lead-zinc mineralisation within the project include Clarke's Reef and the old Central Workings. Drill intercepts of 14 m at 7.6%

Zn+Pb, 13 m at 6.8% Zn+Pb, 17 m at 5.1% Zn+Pb, 7 m at 147 g/t Ag and 3 m at 5 g/t Au have been reported from previous drilling at Clarke's Reef. During 2003, Avon completed a short RC and diamond drilling programme targeting gold and copper anomalous structures and the strike extension of a lead-zinc horizon adjacent to a major structure. Two holes completed at Clarke's Reef intersected 0.34 m at 18% Pb, 27.4% Zn and 98.9 g/t Ag within a broader 7.1 m sulphide-rich zone. Holes at the Central Workings and Mell's East prospects intersected zones of elevated base metal and gold mineralisation. The shallow zones of mineralisation intersected to date within the Quidong project area appear to be structurally controlled and demonstrate little continuity. Avon's planned exploration over this project will assess the potential of the prospective Smelter Beds exposed around the margins of the basin and at depth for hosting large base and precious metal deposits about the intersection of the mineralised cross structures.