AVIVA TAPS GOLD AND BASE METALS IN KENYA

Aviva Corporation (ASX: AVA) is pleased to advise it has reached agreement with AfriOre International (Barbados) Limited (AfriOre), a wholly owned subsidiary of Lonmin Plc, to acquire an interest in the development of its highly prospective West Kenya gold and base metals project.

Aviva has signed a Memorandum of Understanding (MoU) with AfriOre through which it can earn up to 75% of the West Kenya project.

The project comprises two contiguous licences covering 2,800km² of the highly prospective Kakamega Greenstone belt in Kenya, part of the Tanzanian Archaean Craton. Previous exploration has identified significant potential for gold, as well as copper, lead and zinc.

The deal structure:

- Aviva can earn a 51% interest in the licenses by sole funding US$3 million over three years.
- Aviva can earn a 75% interest in the project by completing a Pre-Feasibility Study (PFS) demonstrating a pre-tax NPV of not less than US$50M.
- Upon Aviva completing the PFS, Lonmin may elect to either:
  - Participate at its 25% interest, or
  - Request Aviva to purchase its 25% interest for a cash consideration equal to 70% of the PFS value of its 25% interest.

Aviva will also provide consideration of 3 million options to Mr Peter Rolley, who introduced and facilitated the deal with AfriOre and Lonmin. The options will be exercisable at 12cps and are subject to key milestones being achieved.

Lonmin is the world’s third largest producer of Platinum with all its operating assets in South Africa. It is listed on the London and Johannesburg Stock Exchanges, and has approximately 22,000 employees.

"The project includes a large and prospective landholding, with relatively low expenditure commitments and annual licence fees," Mr Reed said.

"Aviva is proposing an exploration program which will include airborne geophysics, regional mapping and structural modeling and a drilling program targeting both gold and base metals," he said.

"The project has significant gold potential, with more than 200 known gold occurrences within the license areas, and positive results from the limited drilling by AfriOre," he said.
“This is a world class gold address, and recent intensive gold exploration in the Tanzanian Archaean Craton, of which the Kakamega Greenstone region is part, has led to establishment of major gold mines by the world’s leading gold companies.”

“The project also boasts high grade base metal targets, which compare very favorably,” he said. It includes the advanced Bumbo deposit, where there is an Exploration Target of 1 to 1.5Mt @ 11% Zn, 3.5% Cu, 1g/t Au and 40g/t Ag based on 32 diamond drill holes drilled by BRGM in 1993 and reported by BRGM, but which there is no longer a Competent Person to report. The deposit was noted by BRGM as open to depth and along strike.

The project is well support by transport (road and rail to port), commercial and communications infrastructure.

Kenya is the commercial and logistical hub of East Africa. It has the largest economy in the region, East Africa, and the fourth largest economy in Sub-Saharan Africa. It has a vibrant democracy and there has been no recurrence of the violence related to the 2007 election

Mr Reed said the Kenyan project would be a key focus for Aviva, which would leverage is established project development expertise.

“Aviva has proven expertise in the exploration, development, approval and feasibility of resource projects, and we look forward to applying this to the Kenyan project,” he said.

Coolimba and Botswana projects

Aviva has developed the Coolimba coal and power project in the Midwest of WA. The power project has EPA approval and the EPA report for the coal project is imminent. Aviva has managed the project from target definition through exploration, feasibility studies and environmental approvals to its current status as a readymade development for power generation. The project is an ideal energy source for resource developments in the Midwest. Under current energy policy it is unlikely the project will be developed as an Independent Power Project but could be developed as a captive energy supply for a large resource project.

Aviva is earning a 90% interest in the Mmamantswe coal project in Botswana. The project is well positioned to fuel an Independent Power Project (IPP) being on the South African border and adjacent to key infrastructure including, highway, railway, and high voltage transmission and water resources. Aviva has progressed resource development studies at Mmamantswe on the mine, including exploration, resource definition, coal preparation and mining studies and preliminary environmental approvals. The project is on hold pending resolution of the regulatory framework in South Africa which will enable purchase of electricity from IPP’s.

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The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Peter Rolley, who is a Member of the Australian Institute of Geoscientists. Mr Rolley provides consulting services to Aviva Corporation Ltd.

Mr Rolley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

Mr Rolley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1 The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource
Aviva is listed on the Australian Securities Exchange (ASX:AVA) and the Botswana Stock Exchange (BSE: AVIVA) with its head office in Perth. The company has resource assets in Australia and Africa.

The Mmamantswe coal project is a 1.3 billion tonne coal project capable of supporting a 1,000MW base load power development north of Gabarone in Botswana. The project is located on the South African border and has the advantage of low cost fuel, low sulphur content, ample water resources, nearby infrastructure and a highly rated investment destination in Botswana.

Coolimba power is a 400MW coal fired power station based on the Central West Coal project. Aviva elected not to exercise its option over the coal deposit but is continuing discussions with the holder of the coal rights. Aviva retains ownership of the project data and environmental approval process.

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