

## Saqqaq and Itilliarsuk Gold, West Greenland

Saqqaq and Itilliarsuk are two subareas of licence 2008/27 property, both contain gold significant mineralisations of up to 24 g/t. They are located on the Nuussuaq Peninsula, in the northern Disko Bay area, in Central West Greenland. The properties are 75-100 km from Ilulissat, access is by boat or helicopter.

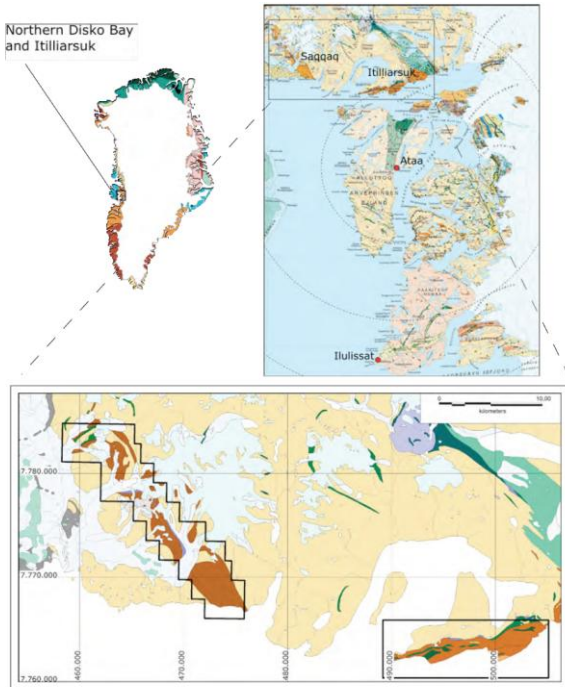


Figure 1. Location

### Saqqaq

The main Saqqaq prospect lies within a steep sided valley called Chert Valley, which rises from 300 to 1000 m elevation. The Saqqaq gold deposit has a large footprint, with significant gold mineralizations over a lateral extend of more than 2.2 km with intermittent mineralizations over another 2-3km. The mineralization is a planar body, typically returning 1.8 to 4.2 g/t gold over thicknesses of 2-5m. At least one zone of higher grade is defined along the main mineralized body, returning 11.4 g/t Au over 2.2m. The Saqqaq gold deposit is a classic shear-hosted mineralization in an belt of Archaean supracrustal rocks.

The footwall of the gold mineralization comprises mafic and ultramafic metamorphic rocks while the hangingwall mainly consists of pelites. Gold occurs in strongly silicified shearzone, broadly separating the ultramafic/mafic rocks from the overlying pelites. Extensive historic chip and channel sampling demonstrates consistent gold mineralization along the shearzone, but grades are variable. Two historic drill holes confirmed the down-dip mineralization, and returned up to 8 g/t Au over 3m. Five bulk samples, 150 kg each, from the gold bearing chert horizon in the Saqqaq Supracrustals were collected in August 2009, for metallurgical test. The processing of larger size samples was designed to assess the gold grade with improved accuracy. A

line of standard chip samples were also collected over the bulk sample section, and analyzed by traditional fire assay, to study the gold distribution in the footwall and hanging wall of the mineralized chert horizon. The results confirm that all the significant gold is hosted in the chert horizon.

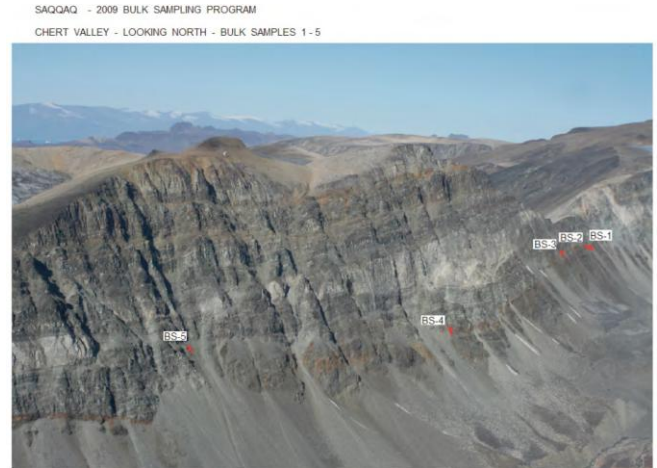


Figure 3. Saqqaq bulk sample locations

Comp.	Test No	Head Grade	Primary Gravity Recovery	Secondary Gravity Recovery
1	1	4.75	54.3	43.3
	1A	6.05	67.2	55.9
2	2	11.4	63.1	59.8
3	3	1.18	62.5	58.7
4	4	0.48	72.1	57.3
5	5	1.64	50.3	0.81

Table 1. Saqqaq bulk sample assay results

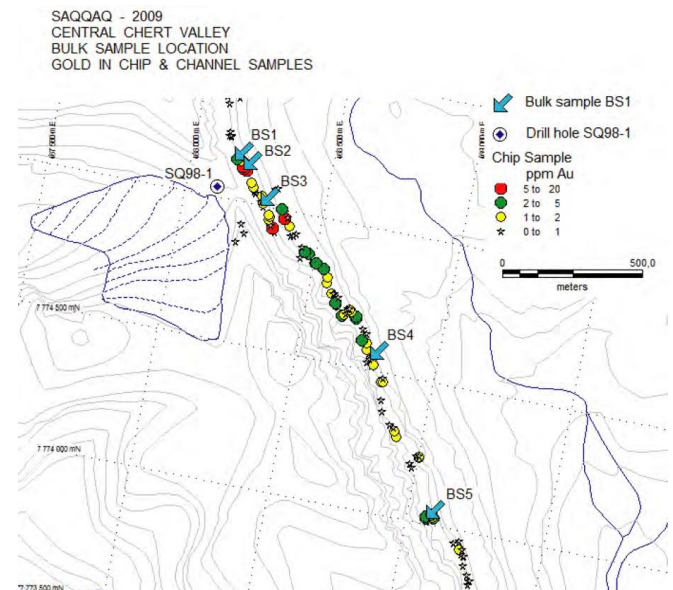
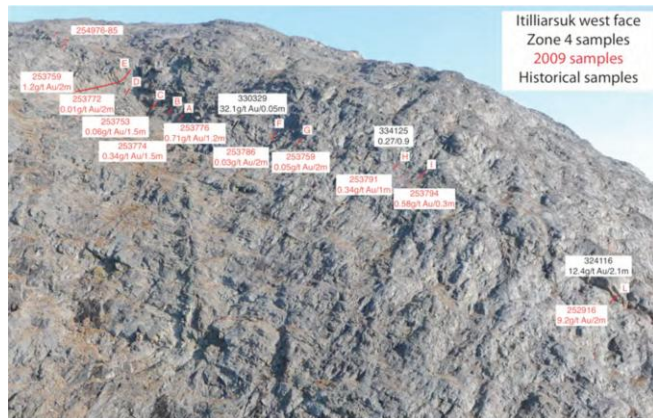


Figure 4. Saqqaq gold in chip & channel samples

Saqqaq has the potential to host in the region of 2 million oz of gold. The next exploration stage is drilling to constrain grades and down-dip extend of the mineralization, and Avannaa is seeking a partner.

**Itilliarsuk Gold**

The Itilliarsuk consists of Archaean gneisses overlain by a sequence of Archaean supracrustals with compositions ranging from mafic to felsic meta-volcanics and aluminous metasediments. Within the sequence of supracrustals, a banded iron rich sequence (BIF) and several zones with anomalously high concentrations of Au are recognized and sampled by previous workers.



**Figure 5. Location and assay results of Zone 4 chiplines**

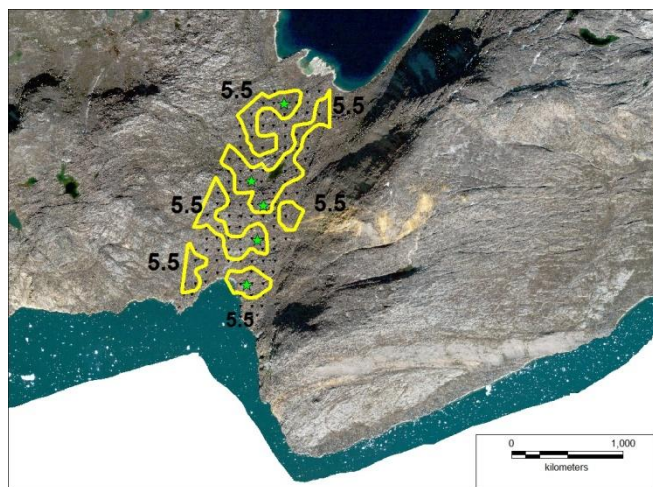


**Figure 3. Itilliarsuk peninsula, looking east. This photo shows the west face of Itilliarsuk Qaqqaa, and the location of Au zones 1, 3, 3, 4 and 6 (the Mega Rust Zone). Also note the prominent fault at the bottom of the face, which is part of a larger fault zone separating the two promontories, Itilliarsuk Qaqqaa and Nuugaaq.**

The upper part of the Itilliarsuk supracrustals is dominated by biotite schists containing the banded iron formation and six gold-bearing zones described by previous workers. The uppermost supracrustals are several hundred metres of acid metavolcanic rocks occurring at the southern tip of Itilliarsuk East. Itilliarsuk Qaqqaa and Nuugaaq are separated by a wide valley that probably represents a lateral sinistral fault zone with a fairly large displacement. In the wall just East of the floor of the valley, one fault with this orientation and belonging to the shear zone has been mapped.

The highest gold grade, up to 24.3 g/t Au over 2 m, was found in sample 253798 in profile K. The average value from profile L to profile M is 8.8 g/t Au over an average thickness of 2.75 m and a strike extension of 102 m. A 61 m strike length within this zone, from profile L to profile K, contains an average of 15.08 g/t Au over an average thickness of 2.8m. In the field, the relatively high-grade zone is characterized as a fairly prominent fault with a sinistral movement.

The valley immediately to the west of the gold-bearing zones contains a number of high SGH anomalies for gold, and will be followed up by additional SGH and geophysical survey to define drill targets.



**Figure 6. Result of SGH survey in the Itilliarsuk valley, immediately west of the goldmineralized zones. The SGH anomalies give very high score for gold (5.5)**

During 2011 Avannaa will conduct detailed gold prospecting and sampling in the Itilliarsuk valley. Further success will lead to a drilling campaign in 2012.

**For further Information**

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