



Dear Shareholders:

It is with great pleasure that I update you on the progress of our strategy to accelerate the development of the Kitsault project during the last two years. This brownfield restart project located in the north coast area of British Columbia has the potential to be one of the top ten producing molybdenum mines with the capacity to produce about 5% of the world supply of that commodity, which is coincidentally the projected annual growth rate of that commodity. We adopted the strategy of accelerated development in order to catch up with the competing projects in the molybdenum development space and obtain a “first mover” advantage.

As you will recall, we purchased the Kitsault project on October 17, 2008 utilizing the proceeds of a US\$ 20 million Convertible Bridge Loan provided by Resource Capital Funds (RCF). This was the purchase price paid to Alcoa to close the transaction. Since that time we have advanced the project with funds from our treasury and the proceeds of warrant exercises. In late 2009, RCF converted about 75% of its loan facility into equity leaving in place the remaining \$5 million facility that matures in June 2012. This allowed us to advance the Kitsault property through the prefeasibility stage, the positive results of which were announced on November 16, 2009.

Since the announcement of the prefeasibility study (PFS) in November 2009, we have accomplished the following important milestones:

1. Completed a C\$17.3 million financing in February 2010 that allowed us to complete our bankable Feasibility Study (FS). These funds allowed us to appoint AMEC as the lead engineers and AMEC Earth and Environmental (AMEC E&A) as the lead for our environmental assessment studies. These studies have been supported by Knight Piésold who has worked for over two years with us developing the optimal Tailings Management Facility (TMF) location and design. AMEC has also been supported by SRK who has been working on the Kitsault project since 1995 developing and implementing the approved reclamation plan.
2. In January 2010 we expanded our land holdings around Kitsault through the acquisition of an additional 33,000 hectares of mineral tenures. This strategic land acquisition provided us with additional exploration ground and prospects within the district, and the needed land for development of the mines infrastructure, such as the selection of the present TMF site utilized in the FS. The new TMF site has many advantages from water management to closure

design and has the potential to increase tailings storage capacity to 300 million tonnes.

3. Avanti augmented its management team with the additions of Ken Collison as VP Project Development and Bob Jacko as Project Manager on the FS. Ken and Bob combined have over 50 years of project development experience. We also appointed Shane Uren of Greenwood Environmental as our client representative to develop and guide our program with AMEC E&A.
4. Avanti elected to “opt-in” to the British Columbia Environmental Assessment (EA) process in order to fully satisfy the environmental assessment requirements necessary to amend our existing Mines Act permit (M-10). Although we were ruled exempt from this process, we feel it is beneficial because it will aid in providing input from all concerned parties. Avanti considered a number of factors in making this decision, including how each review process is able to integrate federal and Nisga’a treaty requirements into the review process. The Canadian Environmental Assessment Agency (CEAA) will coordinate the review of the federal agencies in terms of their need to screen the project components for any federal triggers or authorizations that may be required to advance the project. We received our Notice of Commencement from CEAA in November 2010. Avanti has received an order under Section 7(3) of the Environmental Assessment Act (British Columbia) evidencing that the Environmental Assessment Office has accepted the Company’s opt-in to the EA review process. We subsequently received orders under Section 10 and 11 of the Act setting forth the studies required to submit the application and all parties who must be consulted. The project benefits from over 20 years of water quality monitoring and 15 years of reclamation studies that have been completed on the project that will inform our EA application.
5. As we have previously reported, Avanti was forced to file a case protecting its Statutory Right of Way (SROW) to use roads and storage area associated with the old ghost town of Kitsault. The Supreme Court of British Columbia heard this case in April 2010 and they provided a positive decision confirming Avanti’s rights in August 2010.
6. In July, 2010 we signed a Life-of-Mine tolling agreement with Molybmet, the world’s largest molybdenum processor of concentrates for use in the steel business. This provides Avanti with a “branded” product recognized by the LME, that assures the end user of a quality product, and avoids the start-up operational and financing risks to us if we were to make that a part of our project.
7. We have been working diligently on the process of securing financing to construct Kitsault. This has included appointing West LB as debt advisor/arranger and initiating discussions with end-users of molybdenum for potential long term supply agreements and/or strategic partnership at the project level. To that end, we announced a strategic partnership letter of intent (LOI) with

an Asian steel producer in November 2010. This producer wishes to be unnamed until we finalize the agreements. The LOI provides the basis of a negotiation to purchase a 10% direct project interest and for up to 20% off-take with a price protection mechanism to provide a floor price to satisfy debt facilities. This potential partner would also support Avanti's debt application with its country's state owned development banks. This agreement was originally contemplated to be finalized within 90 days of providing the potential partner with the FS but this has recently been extended to July 2011 while additional due diligence is completed.

8. In mid-December 2010 we announced the completion of the FS on Kitsault that will form the basis of our financing and permitting activities on the project. This study shows a very robust project with moderate capital cost of C\$837 million yielding an after tax discounted Net Present Value (NPV) using an 8% discount rate of C\$864 million. The mine is projected to have a 16-year life and produce an average of 23.4 million pounds per year of saleable molybdenum. Significantly, higher grades and a stockpiling strategy for low grade ore would allow the first five years to be predicted at closer to 30 million pounds per year which would allow for payback to occur within a predicted 2.6 years. This study was filed on Sedar (www.sedar.ca) and posted on Avanti's website in mid January 2011.
9. Lastly, in December 2010 we announced another strategic alliance with Southeast Asia Holdings (SeAH), Korea's largest producer of specialty steels. This agreement consisted of two parts: an initial equity investment of \$11 million and a subsequent letter of intent (SeAH LOI) to purchase up to a 30% interest in the project at a price based upon the valuation developed in our FS. This agreement was recently extended until May 25, 2011 to allow for additional due diligence and clarification of debt capacity with various Korean development banks.
10. Concurrently with the SeAH placement in December, we completed a flow-through placement of \$4 million done at a 35% premium to the market price to allow us to complete two drilling projects in 2011. The first of these programs will attempt to convert Inferred Resource material within our existing mine plan that is presently included as waste. This would have a twofold benefit: reducing mining cost by lowering the already low stripping ratio of 0.77 to 1 and increasing saleable molybdenum. The second program is targeted on the very high grade Sunshine Zone at the Roundy Creek prospect about 4 km west of Kitsault. Last year's drilling confirmed the high grade nature of this target and we hope to advance it to a reportable resource in 2011.

As this list attests, Avanti has been moving aggressively toward the development of Kitsault despite the uncertain economic times we are experiencing. The most important milestone completed during the past year was the FS. This study allowed us to state Total Proven and Probable Reserve for the project which now stand at 232.5 million

tonnes grading 0.081% Mo containing 415.8 million pounds of contained molybdenum. All revenue assumptions in the above projections are based upon detailed commodity supply-demand analysis provided by CPM Group, an industry leader in this work.

As mentioned previously, we feel that, despite the **current** climate of markets and commodity prices, we are in the best part of the commodity cycle to be planning and building a mine. We feel that production at Kitsault will be well timed for economic recovery and are continuing our efforts based on this premise.

As we move our project forward, the molybdenum markets have been steadily improving with the improved steel markets. The initiation of trading of molybdenum on the London Metals Exchange has added clarity to the pricing of the commodity and should provide a forward market as these instruments mature and gain the confidence of producers and suppliers. We are confident that our strategic partners, the ultimate end users of the commodity, will provide the financial support to develop the project at much less dilution to Avanti shareholders than the equity markets would allow at this point in time.

We are confident that Avanti will succeed in building the Kitsault mine and bringing it into production during a better economic climate. We hope that you will share our vision and remain patient as Avanti evolves from a development stage company to a significant molybdenum producer. We would like to thank our employees and service providers for their support, dedication and hard work during the past three years.

Sincerely,

Craig J. Nelsen
President & CEO

May 9, 2011