

ASX Release
30th April 2013

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**The leading copper junior
in the world class Carajas,
Brazil**

MARCH 2013 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

STAGE I – ANTAS NORTH

- Brazil's regulatory authorities have approved the Stage I Mineral Resources including the Antas North Deposit¹. This timely decision paves the way to progress to a full Mining License. The next regulatory step is submission of a Mining Study² and this is nearing completion.

- The Company has received its first Indicative Term Sheets for debt financing with further submissions expected.

- The Stage I Feasibility Study delivered very robust economic outcomes with key indicators including:³

Copper production:	~12,000tpa
Gold production:	~7,000ozpa
Start-up capital:	\$50M
Direct Cash costs:	75c/Lb Cu ⁴
NPV _{7%} :	\$224M
IRR:	94%
Payback:	9 months
Annual cash flow:	~\$55M EBITA ⁵

STAGE II – PEDRA BRANCA

- During the quarter a 24% growth⁶ in JORC Reported Mineral Resources was achieved at the Stage II Copper Project.
- Stage II continues to grow the more it is drilled, with another significant resource upgrade expected next quarter.

REGIONAL EXPLORATION

- The Company's maiden regional drill programme consisted of 3 holes at the Sao Jorge Prospect. All intersected multiple zones of copper-gold mineralisation throughout the entire length of each hole.
- Scout drilling has moved to the Serraria Prospect while further work is being planned at Sao Jorge.

RESOURCE INVENTORY

- JORC Reported Mineral Resources for Stage I & II now stands at:

**60.64Mt at 1.24% Copper, 0.33g/t Gold for 755,000 tonnes
of contained Copper and 638,000oz of Gold^{7,8}**



ASJD-13-02
Sao Jorge Prospect



APBD-13-37
PB Eastern Zone

STAGE I (ANTAS NORTH DEPOSIT)

Stage I is Avanco's most advanced project and represents a rapid development opportunity - the existing Trial Mining Licence will facilitate an accelerated build programme with the goal of producing Copper in 2014 (*subject to timely financing*).

Running in parallel (with Trial Mining) is the process seeking grant of a full Mining License. The authorities have now approved the Antas North Mineral Resources. The aforementioned decision represents an important milestone and paves the way for further submissions pursuant to a full License. The Approval by the DNPM¹ of the Mineral Resources supports the scope, quality and results of exploration providing confidence that they are adequate to support mining activities. The next step in the regulatory process is submission of a Mining Study² and this is being progressed.

Stage I activities continue with good progress in metallurgical flow sheet development and topographic surveys around the proposed plant and tailings footprints. The State power authorities have confirmed that sufficient capacity exists in the nearby 34.5KV power line to service the Project. Stage I is expected to consume ~1.8MW of electricity.

The recent Stage I Feasibility Study features simple open pit mining feeding a traditional flotation plant with 3%³ Copper ore. The anticipated \$50m Capital cost³ and very competitive mine gate operational cost (75c/Lb Cu⁴) will position Avanco at the bottom end of the global cost curve and underpin its ability to generate strong operating margins at all stages of the commodity cycle. Stage I's robust economics, moderate size, low risk and manageable Capex represents an ideal "starter project" ahead of the much bigger Stage II.

STAGE II (PEDRA BRANCA DEPOSIT)

During the quarter there was 24% growth⁶ in JORC Reported Mineral Resources at the Stage II (Pedra Branca) Copper Project.

Stage II tonnes increased by 28%⁶ following the inclusion of only 6 additional drill holes and this highlights the prospectivity of the orebody through the ease with which its size is expanding. Subsequently results have been received for the next 6 holes, and thus another significant resource upgrade is expected in May.

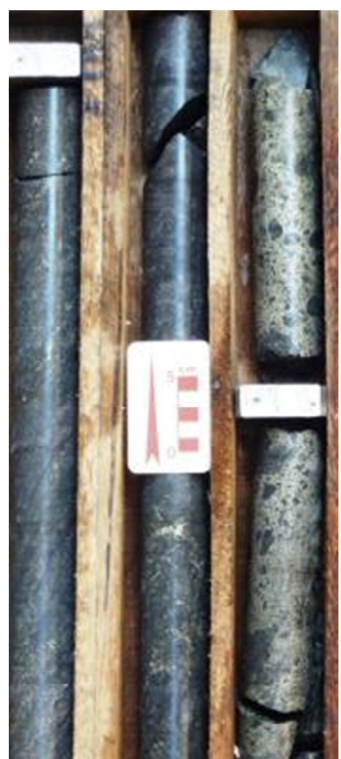
STAGE II PEDRA BRANCA - JORC Reported Mineral Resource Summary ⁸								
Ore Zone	Category	Million Tonnes	Cu (%)	Au (ppm)	Ag (ppm)	Copper Metal (T)	Gold Metal (Oz)	Silver Metal (Oz)
East	Inferred	20.38	1.54	0.39	0.87	314,000	253,000	570,000
West	Inferred	19.14	0.90	0.30	0.62	173,000	185,000	381,000
Total		39.52	1.23	0.34	0.75	487,000	438,000	952,000

Peak results from the current 2013 drill programme include:

- 38.20m at 1.36% Copper, 0.40g/t Gold from 444.00m⁹ APBD-12-27
- 32.20m at 1.27% Copper, 0.33g/t Gold from 374.50m⁹ APBD-12-28



APBD-13-35
Western Zone



APBD-13-33
PB Western Zone (close-up)

And 9.20m at 2.91% Copper, 0.93g/t Gold, from 374.50m⁹

- **26.15m at 1.19% Copper, 0.27g/t Gold from 354.70m⁹ APBD-13-30**
- **19.70m at 1.20% Copper, 0.17g/t Gold from 641.20m⁹ APBD-13-31**
- **15.70m at 1.22% Copper, 0.38g/t Gold from 794.30m⁹ APBD-13-32**
- **51.05m at 0.89% Copper, 0.33g/t Gold from 363.20m⁹ APBD-13-33**
- **Inc. 7.80m at 1.78% Copper, 0.50g/t Gold, from 370.60m⁹**
- **And 8.75m at 1.88% Copper, 1.04g/t Gold, from 402.50m⁹**

Recent drilling supports the existence of a high grade core continuing at depth in the Western Zone, this presents opportunities to extend mine life by underground mining (following a simple starter pit option) and run concurrently with underground operations in the Eastern Zone.

With the Stage II resource believed to already exceed that required to support the 30,000<35,000tpa of copper production objective, drilling is being scaled down.

REGIONAL EXPLORATION

Avanco's search for a third deposit commenced strongly with a maiden programme at Sao Jorge consisting of 3 diamond drill scout holes (*Sao Jorge is situated within Avanco's Western Leases*). All holes intersected a wide mineralised corridor with multiple zones of economic copper-gold which is interpreted as being part of a major mineralised system. Further drilling is highly justified within the corridor and along strike.

Results from Sao Jorge include:

- **6.90m at 1.41% Copper, 0.18g/t Gold from 26.30m⁹ ASJD-13-02**
- **64.30m at 0.34% Copper, 0.05g/t Gold from 48.70m⁹ ASJD-13-03**

Drilling has since commenced at the Serraria Prospect (located northeast of Pedra Branca). Historical drilling results from Serraria undertaken by a previous major explorer intercepted significant widths and grade including:

- **79.00m at 0.50% Copper from 13.00m⁹ SERR-FD01**
Inc. 16.00m at 1.18% Copper from 76.00m⁹
- **66.00m at 0.77% Copper from 72.00m⁹ SERR-FD02**
Inc. 38.00m at 1.18% Copper from 72.00m⁹

There has been no work on nickel or iron ore properties during the quarter. The Company is examining a number of options to progress these projects and is investigating reported regulatory irregularities associated with the Trindade North tenement.

CORPORATE

Avanco's main focus is copper and the Company owns 100% of the second largest exploration portfolio¹⁰ in the World Class Carajas Province, Brazil. The Company continues to increase its influence and identify new business



APBD-13-32
Eastern Zone (close-up)



APBD-13-30
Western Zone

opportunities in the region. Corporate growth is also being promoted by recent Brazilian Board appointments¹¹ who are cooperating with the State of Para¹² to examine a number of copper opportunities. The approval of the Stage I Mineral Resources in timely fashion is testament to the support being received from the State/regulatory authorities and bodes well for Avanco's future developments.

The Company's concept of staged developments combined with on-going resource growth across its substantial land position makes for a compelling story to assist financing. Avanco envisages perusing timely cash-flow from Stage I to underpin Stage II financing.

In perusing the least dilutive financing option for Stage I, debt financing is being advanced and with indicative term sheets having been received and further submissions expected. Additionally, a select group of South American and international banks are evaluating the project with a view of providing credit-approved term sheets in coming weeks. With drilling scaling down and cash at bank of ~Au\$5.5m¹³, Avanco remains well funded and able to negotiate from a position of technical and financial strength.

Tony Polglase
Managing Director

CARAJAS - TOTAL JORC Mineral Resources⁷ February 2013 Update						
DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PEDRA BRANCA	Inferred	39.52	1.23	0.34	487,000	438,000
	Total	39.52	1.23	0.34	487,000	438,000
ANTAS NORTH	Indicated	6.56	1.87	0.46	122,000	98,000
	Inferred	4.48	1.35	0.26	60,000	38,000
	Total	11.04	1.65	0.38	183,000	135,000
ANTAS SOUTH	Measured	0.59	1.34	0.18	8,000	3,000
	Indicated	7.5	0.7	0.2	53,000	49,000
	Inferred	1.99	1.18	0.2	24,000	13,000
	Total	10.08	0.83	0.2	85,000	65,000
GLOBAL TOTAL		60.64	1.24	0.33	755,000	638,000

1. The mineral resources for license 853.714/93 hosting Stage I (including the Antas North and Antas South Deposits) have been evaluated by the DNPM (National Department of Mineral Production) and the Final Exploration Report is satisfactory and approved.
2. The Mining Study (or PAE) represents an economic evaluation of the exploitation of the "Mineral Resources".
3. Key indicators relate to a base case economic analysis as of 15 Feb 2013, which excludes owner's costs and contingency.
4. First 3 years.
5. Earnings Before Interest, Taxes, Depreciation and Amortisation.
6. See comparable Pedra Branca JORC Reported Mineral Resource in ASX Announcement "Target Copper Resource Exceeded", 27th September 2012.
7. Grade Tonnage Reported above a Cut-off Grade of 0.4% Cu for Sulphide Resources, and 0.3% Cu for Oxide resources.
8. See complete JORC Reported Mineral Resource table below.
9. Down-hole length.
10. Tenements are in various stages of regulatory and legal status.



APBD-13-30
Western Zone (close-up)

11. See ASX announcements, "Appointment - Director of Operations", 10 January 2013, and "Board Appointment to Strengthen Development Strategy", 17 December 2012.
12. The State of Para in northern Brazil hosts the World Class Carajas Mineral Province.
13. At end of March quarter
14. Saprolite mineralisation.
15. Oxide mineralisation.

Competent Persons Statement

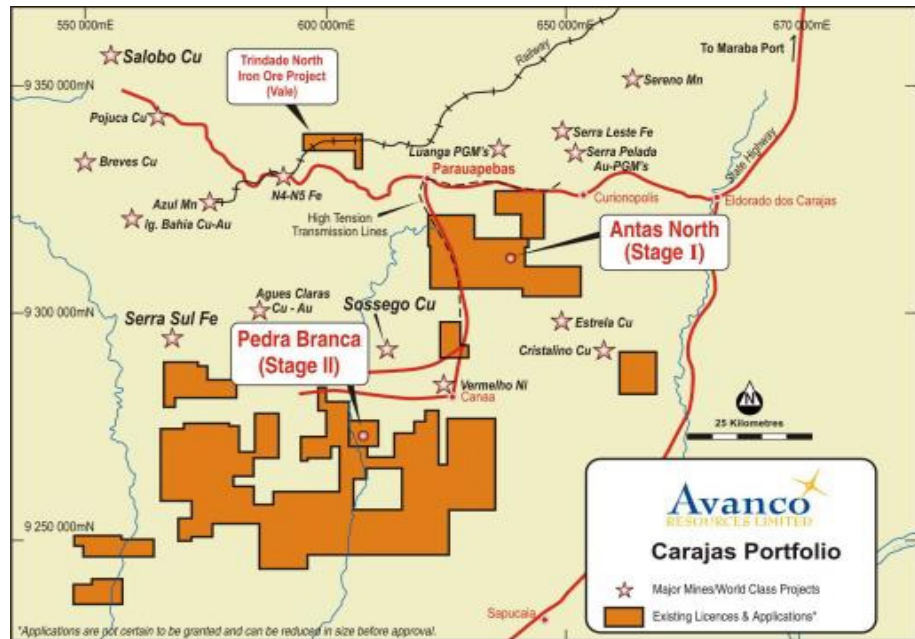
The information in this report that relates to Mineral Resources is based on information compiled by Dr. Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr. Shi is an employee of CSA Global Pty. Ltd. Dr. Shi has sufficient experience 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". Dr. Shi consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

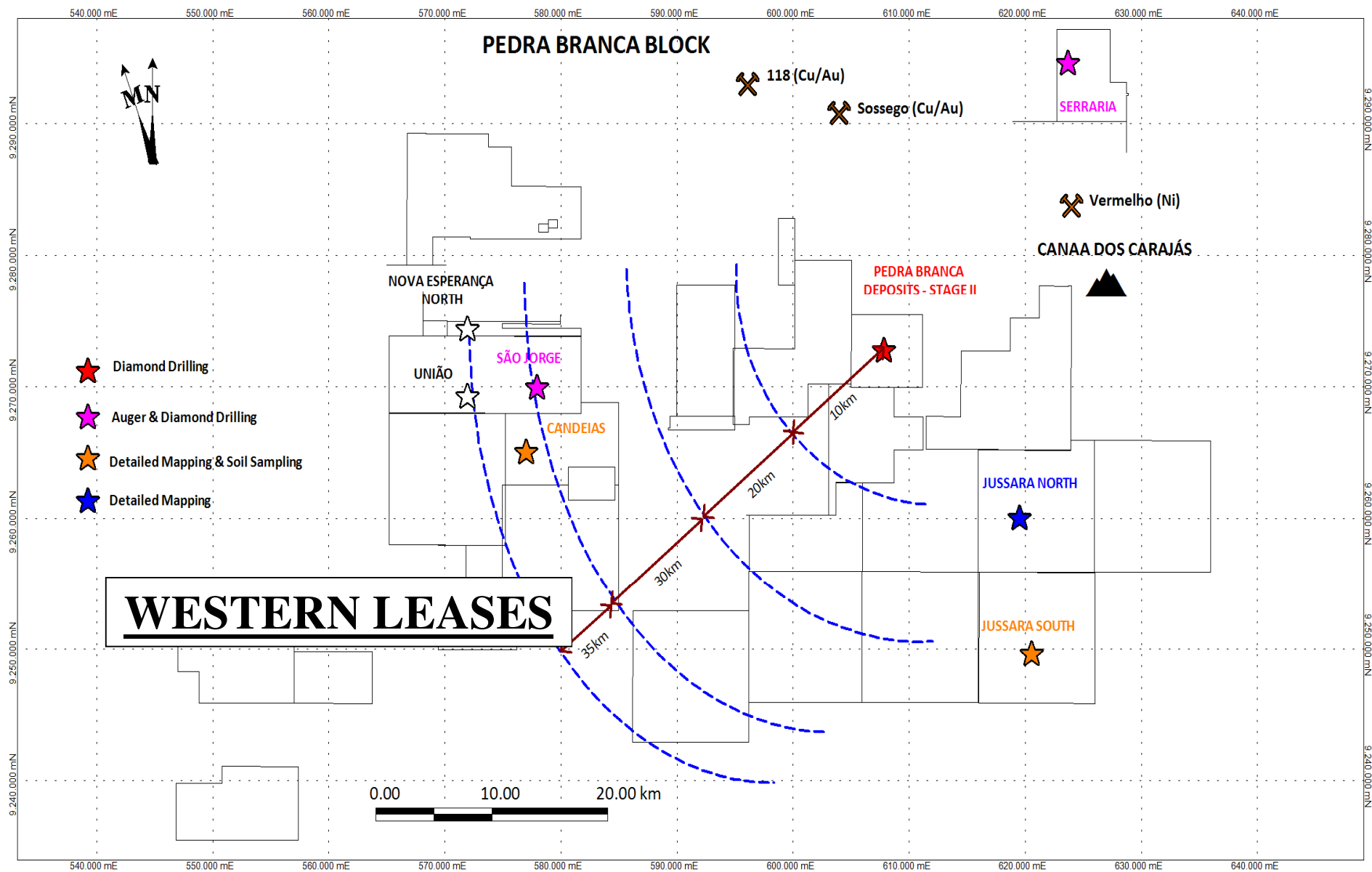
The information in this report that relates to Exploration Results is based on information compiled by Mr. Simon Mottram who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Mottram is a Director of Avanco Resources Limited. Mr. Mottram has sufficient experience which is relevant 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. Mottram consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) for the Pedra Branca Deposit based on the following:

- The majority of geological and sampling data was collected under the supervision of Xstrata geologists. The supervising geologist in charge of this work is now a full time employee of Avanco, who is continually monitoring the geological and sampling procedures.
- Geological interpretations and three dimensional modelling was completed by the author.
- CSA imported the drill-hole data to MicroMine 12.0 and Datamine Studio 3 software for the Pedra Branca area and proceeded with the modelling in the MicroMine extended precision environment.
- The interpretation and wireframes were generated based on diamond drilling from surface at nominal patterns of 100m x 50m and 100m x 25m, grading to a 100m x 80m patterns at depth.
- There are two major domains (East and West) modelled in Pedra Branca deposit, based on the over 52 extensional and infill drilling holes completed up to February 2013
- Drill-hole samples were flagged to the assay table according to the mineralised lode they fall into based on the constructed wireframes.
- Gaps in the down-hole sequence were treated as missing data during compositing with no default values. For all variables null values were assigned as 0.001.
- The majority of samples are 1m composites with only a small number of end of hole samples being larger than 1m long. Compositing to 1m had no effect due to the location of the less than 1m samples.
- Statistical analysis of the 1m composites shows copper has coefficient variance (CV) below 1.3; gold and silver have higher coefficient variance (CV), above 1.5.
- For the resource estimation, the current model has individually assessed the high-grade outliers. Top Cuts were used to treat the high-grade outliers of copper, gold and silver data based on review of the domain histograms and log probability plots.
- Variography analysis and evaluation of suitable estimation parameters based on the final variogram models were undertaken using Isatis2012 software. The variograms were calculated for Cu variable by domain.
- The variography analysis was based on the 1m composite data of the major variables in each domain, and the Cu variogram model parameters have been used to represent the minor gold, silver, nickel and cobalt variables within the relative domain.
- A volume block model was constructed, with blocks coded based on the wireframes in a similar fashion to the drill hole samples.
- A block model was created using 10.0mE x 5.0mN x 10.0mRL parent blocks. Sub-cells were generated down to 2.0mE x 0.5mN x 2.0mRL as appropriate to honour wireframe lodes and regolith interpretations during model construction.
- Grade estimation was separately carried out using the linear estimation method of Ordinary Kriging for Cu, Au, Ag, Ni and Co. The OK method uses estimation parameters defined by the Variography.
- Quantitative Kriging Neighbourhood analysis was undertaken on a subset of blocks in the main domains to establish optimum search and minimum/maximum composite parameters. Goodness-of-fit statistics are generated to assess the efficiency of the various parameters. The primary statistics used are the Kriging efficiency and the slope of regression.
- Search ellipses were orientated based on the overall geometry of mineralised domains.
- A minimum of 6 samples and a maximum of 24 samples were used to estimate the sample grades into each block for the first search pass. The minimum number of samples was reduced to 4 for the smaller zones in the second and third search pass to ensure all blocks found sufficient samples to be estimated.

- A maximum of 4 samples from any one drill hole were used per block estimate, with cell discretisation of $5 \times 2 \times 5$ ($X \times Y \times Z$).
- Statistical, visual and plot assessment of the Block Model was undertaken to assess successful application of the various estimation passes, to ensure that as far as the data allowed all blocks within lodes were estimated and the model estimates considered acceptable.
- Density data (Density_PB) were imported into MicroMine system and also were estimated by Ordinary Kriging (OK) method.
- The Pedra Branca Mineral Resource have been classified and reported in accordance with The 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on confidence in the QA/QC data analysis, geological interpretation, drill spacing and geostatistical measures.





PEDRA BRANCA PROJECT - DIAMOND DRILLING RESULTS 2013

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %	Au g/t
APBD-12-26	607100	9272585	232.00	-60	360	658.20	Completed	521.50	542.00	20.50	0.90	0.39
APBD-12-27	607000	9272640	236.00	-60	360	542.30	Completed	444.00	482.20	38.20	1.36	0.40
APBD-12-28	606900	9272675	233.87	-60	360	473.00	Completed	374.50	406.70	32.20	1.27	0.38
Incl.								374.50	383.70	9.20	2.91	0.93
APBD-13-30	606300	9272385	229.00	-50	360	598.65	Completed	354.70	380.85	26.15	1.19	0.27
And								398.75	430.60	31.85	0.41	0.14
And								450.05	467.25	17.20	0.49	0.17
And								480.75	514.00	33.25	0.39	0.23
APBD-13-31	607200	9272530	229.20	-60	360	731.85	Completed	641.20	660.90	19.70	1.20	0.17
APBD-13-32	607300	9272435	235.50	-60	360	878.30	Completed	794.30	827.80	33.50	0.83	0.28
Incl.								794.30	810.00	15.70	1.22	0.38
APBD-13-33	606100	9272940	232.15	-50	180	534.75	Completed	280.40	287.50	7.10	1.16	0.26
And								308.00	313.50	5.50	0.77	0.35
And								320.50	343.70	23.20	0.58	0.26
And								363.20	414.25	51.05	0.89	0.33
Incl.								370.60	378.40	7.80	1.78	0.50
And								402.50	411.25	8.75	1.88	1.04
APBD-13-34	607000	9272540	237.20	-60	360	617.90	Completed	527.00	542.25	15.25	0.43	0.16
APBD-13-35	606200	9272440	228.30	-55	360	597.10	Completed	At Laboratory				
APBD-13-36	606000	9272507	231.00	-60	360	484.20	Completed	159.50	165.00	5.50	1.09	0.67
And								342.00	352.60	10.60	0.85	0.57
And								350.00	352.60	2.60	2.28	2.01
APBD-13-37	606900	9272575	235.00	-60	360	550.00	Completed	At Laboratory				
APBD-13-38	606200	9272360	229.00	-58	360	644.10	Completed	At Laboratory				

REGIONAL EXPLORATION PROJECTS - DIAMOND DRILLING RESULTS 2013

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %	Au g/t
APBD-13-29 ^A	605625	9272450	219.90	-50	360	151.20	Completed	No Significant Result				
ASJD-13-01 ^B	577100	9270400	~355	-50	180	260.20	Completed	0.00	16.10	16.10 ¹⁴	0.27	
And								16.10	22.10	6.00 ¹⁵	0.41	
And								22.10	31.40	9.30	0.22	
And								52.00	63.80	11.80	0.59	0.08
And								77.95	82.05	4.10	0.78	0.09
And								100.45	104.90	4.45	0.72	0.10
And								118.85	134.75	16.50	0.38	0.05
Incl.								131.75	134.00	2.25	1.32	0.23
And								153.00	156.25	3.25	1.43	0.41
And								210.50	213.50	3.00	0.89	0.15
And								211.25	212.75	1.50	1.39	0.24
ASJD-13-02 ^B	577150.000	9270400.000	356.000	-50	180	206.10	Completed	6.00	13.00	7.00 ¹⁴	0.35	6.00
And								17.00	24.90	7.90 ¹⁴	0.33	17.00
And								26.30	33.20	6.90	1.41	0.18
And								41.25	56.25	15.00	0.72	0.09
And								78.65	80.00	1.35	1.06	0.22
And								100.50	102.65	2.15	0.20	
And								120.55	126.85	6.30	0.99	0.14
And								135.85	139.80	3.95	0.63	0.08
ASJD-13-03 ^B	577200.000	9270400.000	357.000	-50	180	214.85	Completed	11.00	20.00	9.00	0.39	0.09
And								48.70	113.00	64.30	0.34	0.05
And								152.50	154.35	1.85	1.44	0.23

^A Regional Exploration, West of Pedra Branca

^B Sao Jorge Prospect