

ASX Release

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MARCH 2011 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **11 rigs operational across Avanco projects:-**
 - 4 rigs drilling for copper at Rio Verde
 - 2 rigs drilling for copper at Serra Verde
 - 5 Vale rigs drilling for iron ore
- **Transaction with Xstrata closed for three fold expansion of the Rio Verde Project - drilling commenced on new targets.**
- **Rio Verde High Grade Zone (HGZ) continues to show extensions to the east and west with results reported previously¹ including:**
 - **ARVD-103 2.1m at 9.67% Copper from 38.0m**
 - **ARVD-105 1.0m at 18.83% Copper from 57.4m**
 - **ARVD 106 0.8m at 18.98% Copper from 62.0m**
- **More HGZ results including ARVD-114, AVR-115, ARVD-116 and ARVD-117 with visible chalcocite are expected within the coming weeks.**
- **Very encouraging chalcopyrite concentrations have been intersected in a number of early drill holes at the Serra Verde Project and a second rig has commenced drilling.**
- **With an improving weather outlook, arrival of superior rigs and assay contingencies in place, increasing drilling rates and more timely results are anticipated.**
- **Iron ore drilling commenced by Vale SA at the Trindade North Project.**
- **Acquisition of Conceição Nickel/PGM Project completed and potential for the discovery of Ni-Cu-PGM's identified.**

RIO VERDE COPPER PROJECT

The Company closed a transaction with Xstrata Copper (Xstrata) which provides Avanco 100% of an extensive tenement package adjacent to the Rio Verde Project.



HGZ, results expected within the month.



Immediate drill success at the Serra Verde Project ASVD-0.

The land package secures additional ground along strike from the Rio Verde Project. The new tenements include an extremely prospective 14km long anomalous copper trend hosting immediate and high priority drill targets. The potential for a large discovery is underscored by Xstrata who carry an “option” to “back-in” and form a joint-venture with Avanco. The Xstrata acquisition includes: three exploration licenses (16,000ha), two exploration applications (10,000ha) and increases Avanco’s total copper footprint to 38,800ha.

Drilling from Rio Verde continues to return very high grade copper intersects supporting continuity and increasing strike length of the HGZ. Results reported in the quarter¹ included:-

- **ARVD-103: 2.1m at 9.67% Copper from 38.0m**
- **ARVD-105: 1.0m at 18.83% Copper from 57.4m**
- **ARVD 106: 0.8m at 18.98% Copper from 62.0m**

More HGZ drill results are expected within the coming weeks including ARVD-114, AVRVD-115, ARVD-116 and ARVD-117, located on the eastern and western strike extensions of the HGZ, which all have visible high concentrations of chalcocite in drill core.

To date approximately 1,922m for 26 holes have been completed and two additional drilling machines mobilised. One rig has commenced drill testing for sulphide copper mineralisation beneath the High Grade Zone with 9 holes programmed. The second rig will test high priority targets within the recently acquired 14km copper soils anomaly with the first hole commenced at the Agua Boa Prospect. The high copper soils at Agua Boa present a very clear “bullseye” precisely coincident with the strong magnetic “bullseye” and is associated with magnetite alteration, typical of Carajas style IOCG mineralisation.

During the quarter some step-out drilling beyond the high grade zone was undertaken with the objective of determining strike continuation of the existing greater Antas South oxide copper resource. Limited drill testing of the Capivara satellite copper prospect was undertaken with a view of discovering additional of high-grade and oxide copper resources. Oxide copper mineralisation was identified in near surface drill core with results pending.

As drilling activity increases the Company is cognisant of the importance for timely results and to mitigate any future delays additional analytical services are being engaged

SERRA VERDE COPPER PROJECT

Drilling at Serra Verde continues to show great promise with continuous mineralisation now defined across four drill holes at the Pedro Prospect.

THE CARAJAS REGION

Vale dominates the Carajas in copper, nickel and iron ore.

The giant Salobo Copper Mine is under construction with the Sossego Copper Mine already in production.

Vale's Carajas N4-N5 open cut is the world's largest high grade iron ore mine.

Other giant developments in Carajas include: the Cristalino Copper Mine, Serra Sul Iron Mine and the Onca Puma Nickel Mine.

After Vale, Xstrata Copper maintains one of the largest mineral concessions in Carajas.

Major explorers in the region include: Vale, Xstrata, Codelco, Anglo, Teck and Avanco.

Hole ASVD-02 intersected 7.23m of primary copper sulphide mineralisation from 72.87m, and a further 0.65m of mineralisation from 90.45m. New hole ASVD-05 (collared below ASVD-02), intersected the mineralised zone (disseminated and semi-massive sulphides) of 13.95m and is terminated by 0.8m of semi-massive sulphide - chalcopyrite. These intersects are extremely encouraging indicating that mineralisation at Pedro is thickening and continuing to be open at depth. Highly encouraged by early exploration success a second rig has been mobilised and has already commenced drilling.

Ten holes for 1,009m have been completed at Serra Verde with completion of a 5,000 programme anticipated in two to three months.



Serra Verde drill hole ASVD-05. Disseminated, stringer and semi-massive chalcopyrite over 13.95m, results pending.

IRON ORE

Vale SA (Vale) commenced drilling at the Trindade North Iron Ore Project and with the recent arrival of an additional rig, five drilling rigs are currently operational. Early exploration appears very encouraging with significant widths of Banded Iron Formation (BIF) recorded in drill core. Vale are obliged to drill at least 2,500m before end August 2011 and pay the Company \$600,000 to maintain the "Option Agreement" for a second year. Avanco retains responsibility for access and regulatory approvals. The Vale transaction has the potential to deliver payments of between US\$10m to US\$40m to the Company.



Very high grade gossan, sample AV-9778 found at the edge of ultramafic formations assayed:-

- 1.95% NICKEL
- 17.54% COPPER
- 4.17g/t PLATINUM
- 12.19g/t PALLADIUM
- 1.62g/t GOLD

The results confirm the project as being highly prospective for the discovery of Ni-Cu-PGM mineralisation.



Drilling has intersected significant widths of BIF at Trindade North

NICKEL SULPHIDE-PGM PROJECTS

The Company closed the transaction for the “earn-in” to 75% of the Conceição Nickel PGM Project located in southern Carajas. Field reconnaissance and limited rock chip samples collected from the property confirmed the potential for the discovery of nickel-copper-PGM sulphides. Sample AV-9778 was recovered from gossanous ultramafic saprock, and exhibits results typically associated with magmatic nickel-copper-platinum group metal (PGM) massive sulphides.

Rock Chip Results – Conceição Nickel-PGM Project							
Sample	UTM-E	UTN-N	Ni%	Cu%	Au gpt	Pd g/t	Pt g/t
AV-9775	680793	9092837	0.2	<0.01	<0.005	0.008	0.012
AV9776	681913	9087356	0.36	0.29	0.055	0.251	0.18
AV9778	680703	9090986	1.95	17.54	1.62	12.19	4,17
AV9782	680795	9090706	0.45	0.29	0.054	0.276	0.127

With very interesting nickel sulphide-PGM opportunities continuing to be presented to the Company, Avanco is reviewing the nickel portfolio and examining ways to better progress sulphide nickel activities without compromising the Company’s increasing commitment to copper.

COPORATE

Confident of continuing exploration success the Company has aggressively ramped-up the 50,000m drill programme with six rigs operating on multiple targets across two copper projects.

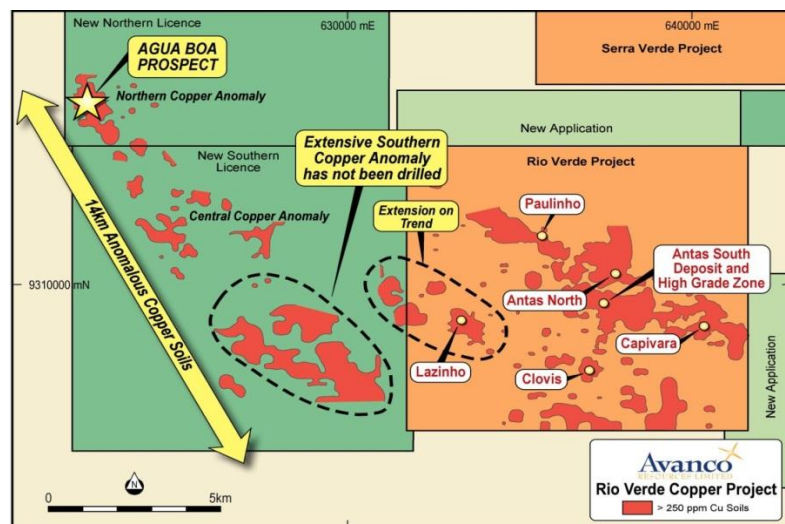
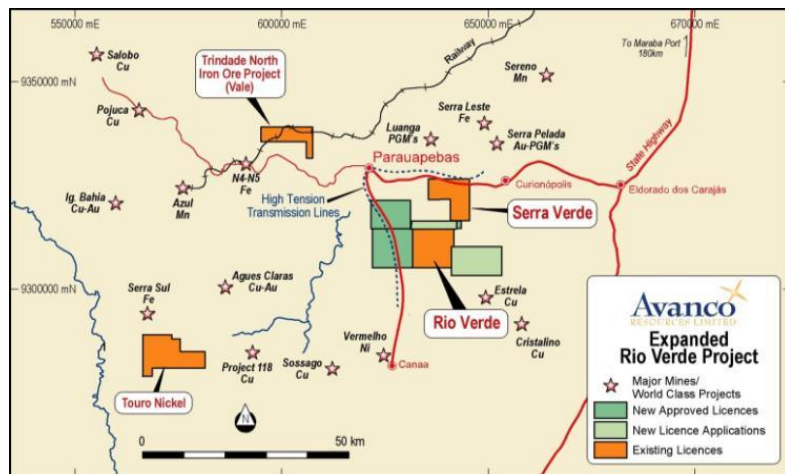
The comprehensive exploration programme includes the drill testing of, supergene enriched high grade copper (*applicable for recovery by DSO²*), also oxide and sulphide copper (*typically recoverable by heap-leach SX-EW and flotation respectively*).

With greater than \$20m cash, Avanco is in a very strong financial position to explore and pursue new high profile copper acquisitions.

Tony Polglase
Managing Director

1-Carajas Copper Exploration Update 2 March 2011
2- DSO – direct-ship operation

The information in this report that relates to Mineral Resources and Exploration Results are based on information compiled by Mr Simon Mottram who is a Member 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.



RIO VERDE PROJECT - ANTAS SOUTH - DIAMOND DRILLING RESULTS 2010-2011

Hole ID	UTM-E	UTM-N	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %
ARVD-103	638032	9309025	-60	360	60.4	Completed	38.00	40.10	2.10	9.21
Incl.						Completed	39.40	41.10	0.70	23.72
ARVD-104	638032	9309015	-60	360	44.1	Completed	2.00	20.70	18.70	0.40
ARVD-105	638032	9309035	-60	360	70.0	Completed	16.00	27.00	11.00	0.30
and						Completed	57.40	58.40	1.00	18.83
ARVD-106	638156	9308976	-60	360	74.9	Completed	9.00	34.00	25.00	0.20
and						Completed	44.00	49.00	5.00	0.62
and						Completed	62.00	62.80	0.80	18.98
and						Completed	62.80	64.00	1.20	0.51
ARVD-107	638305	9309038	-60	360	50.0	Completed	At Laboratory			
ARVD-108	638305	9309018	-60	360	74.1	Completed	At Laboratory			
ARVD-109	637650	9309610	-50	180	106.3	Completed	At Laboratory			
ARVD-110	637950	9309150	-60	360	141.6	Completed	At Laboratory			
ARVD-111	638180	9308980	-60	360	69.0	Completed	At Laboratory			
ARVD-112	638500	9308825	-50	360	70.5	Completed	At Laboratory			
ARVD-113	638500	9308875	-60	360	74.5	Completed	At Laboratory			
ARVD-114	638180	9308970	-60	360	71.8	Completed	At Laboratory			
ARVD-115	637895	9309095	-60	360	61.2	Completed	At Laboratory			
ARVD-116	638180	9308960	-60	360	101.3	Completed	At Laboratory			
ARVD-117	637895	9309085	-60	360	60.35	Completed	At Laboratory			
ARVD-118	638600	9308750	-50	360	77.35	Completed	At Laboratory			
ARVD-119	637850	9309100	-60	360	78.00	Completed	At Laboratory			
ARVD-120	638600	9308800	-50	360	86.90	Completed	At Laboratory			

RIO VERDE PROJECT - ANTAS SOUTH *continued* - DIAMOND DRILLING RESULTS 2010-2011

Hole ID	UTM-E	UTM-N	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %
ARVD-121	638580	9308850	-50	360	80.00	Completed	At Laboratory			
ARVD-122	638580	9308900	-50	360	80.40	Completed	At Laboratory			
ARVD-123	637850	9309110	-50	360	60.00	Completed	At Laboratory			
ARVD-124	638580	9308950	-50	360	80.60	Completed	At Laboratory			
ARVD-125	637850	9309130	-50	360	64.50	Completed	At Core Yard			
ARVD-126	638706	9308706	-50	360	89.25	Completed	At Core Yard			
ARVD-127	637850	9309380	-50	360		In Progress				
ARVD-128	638740	9308750	-50	360		In Progress				
ARVD-129	637850	9309160	-60	360		In Progress				

RIO VERDE PROJECT - CAPIVARA - DIAMOND DRILLING RESULTS 2010-2011

Hole ID	UTM-E	UTM-N	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %
ACAD-01	640943	9308466	-60	70	44.85	Completed	At Laboratory			
ACAD-02	640933	9308466	-60	70	50.65	Completed	At Laboratory			

RIO VERDE PROJECT - AGUA BOA - DIAMOND DRILLING RESULTS 2010-2011

Hole ID	UTM-E	UTM-N	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %
AABD-01	632020	9315835	-50	270		In Progress				

SERRA VERDE COPPER PROJECT - PEDRO PROSPECT - DIAMOND DRILLING PROGRESS -2011

Hole ID	UTM-E	UTM-N	Dip	Az	Depth (m)	Status	From (m)	To (m)	Width (m)	Cu %
ASVD-01	644893	9323708	-50	140	70.3	Completed	At Laboratory			
ASVD-02	645200	9323450	-50	180	117.4	Completed	At Laboratory			
ASVD-03	645200	9323400	-50	180	81.00	Completed	At Laboratory			
ASVD-04	645200	9323350	-50	180	96.00	Completed	At Laboratory			
ASVD-05	645200	9323475	-50	180	132.50	Completed	At Laboratory			
ASVD-06	645200	9323425	-50	180	91.00	Completed	At Laboratory			
ASVD-07	645000	9323305	-50	180	90.60	Completed	At Laboratory			
ASVD-08	645000	9323255	-50	180	124.80	Completed	At Laboratory			
ASVD-09	644900	9323270	-50	180	105.60	Completed	At Laboratory			
ASVD-10	644600	9324050	-50	180	100.50	Completed	At Core Yard			
ASVD-11	644600	9324000	-50	180		In progress				

