Appendix 5B

Rule 5.3

Year to date

(6 months) \$A'000

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AVANCO RESOURCES LIMITED

ABN

85 126 379 646

Quarter ended ("current quarter")

31 December 2011

Current quarter

\$A'000

Consolidated statement of cash flows

Cash flows related to operating activities

1.1	Receipts from product sale	es and related debtors		
1.2		xploration and		
		aluation	(3,032)	(6,295)
		levelopment	-	-
		roduction	-	-
		dministration	(321)	(688)
1.3	Dividends received		-	-
1.4	Interest and other item received	s of a similar nature	261	515
1.5	Interest and other costs of	finance paid	-	-
1.6	Income taxes paid		-	-
1.7	Other – receipt from optio	n agreement	-	557
	Net Operating Cash Flow	VS	(3,092)	(5,911)
	~			
1.0	Cash flows related to inv			
1.8	Payment for purchases of:		-	-
		(b)equity investments	-	-
1.0		(c) other fixed assets	(8)	(62)
1.9	Proceeds from sale of:	(a)prospects	-	-
		(b)equity investments	-	-
1 10	T	(c)other fixed assets	-	-
1.10	Loans to other entities	·	-	-
1.11	Loans repaid by other enti		-	-
1.12	Other (provide details if m	,		
	Tenement Expenditure Gu	arantee (refundable)	-	-
	Net investing cash flows		(8)	(62)
1.13	Total operating and invest	ting cash flows (carried		
	forward)		(3,100)	(5,973)

⁺ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,100)	(5,973)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	212	261
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	Fundraising refund / (costs)	-	-
	Net financing cash flows	212	261
	Net increase (decrease) in cash held	(2,888)	(5,712)
1.20 1.21	Cash at beginning of quarter/year to date Exchange rate adjustments to item 1.20	16,792	19,616
1.22	Cash at end of quarter	13,904	13,904

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$246k
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments for Directors consulting fees and Directors fees - \$182k Payments for serviced office - \$50k Re-imbursement for administration, accounting and secretarial staff at cost - \$14k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

⁺ See chapter 19 for defined terms.

Financing facilities available Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	2,500
4.2	Development	-
4.3	Production	-
4.4	Administration	300
	Total	2,800

Reconciliation of cash

showr	inciliation of cash at the end of the quarter (as in in the consolidated statement of cash flows) to lated items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	904	1,655
5.2	Deposits at call	13,000	15,137
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	13,904	16,792

⁺ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

⁺ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)				
7.2	 (accertification) Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions 				
7.3	⁺ Ordinary securities	806,291,849	806,291,849		
7.4	Changes during quarter (a) Increases through issues - Placement - Pursuant to a prospectus - Option conversion - Release from Escrow - In lieu of consulting fees (b) Decreases through returns of capital, buy-backs	14,107,027	14,107,027	\$0.015	\$0.015
7.5	<pre>+Convertible debt securities (description)</pre>				
7.6	(description) Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options - Shareholder	143,088,098 1,500,000 545,000 10,000,000	143,088,098 - - -	<i>Exercise price</i> \$0.015 \$0.20 \$0.35 \$0.15	<i>Expiry date</i> 30/04/12 30/04/13 12/05/13 14/12/13
	- Employee	25,000,000 5,000,000 1,000,000 8,360,000	- - - -	\$0.18 \$0.18 \$0.18 \$0.18 \$0.15	30/09/13 10/01/14 04/02/14 27/06/14

⁺ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

7.8	Issued during quarter:				
7.9	Exercised during quarter	(14,107,027)	(14,107,027)	\$0.015	\$0.015
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: David McEntaggart		Date: 30 January 2012
	(Company Secretary)	

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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⁺ See chapter 19 for defined terms.