Avocet
RESOURCES LIMITED

ASX Release

ASX Code AYE

19 October 2012

Despatch of 2012 Annual Report and Notice of AGM

ASX Limited

Attached is copy of the 2012 Annual Report together with the Notice of Annual General Meeting, Proxy Form and Explanatory Memorandum which have been despatched to shareholders today.

A copy of the Annual Report and Notice of Annual General Meeting is also available on our website www.avocetresources.com.au

David McArthur
Company Secretary

AVOCET RESOURCES LIMITED

ABN 11 113 446 352

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Tuesday, 20 November 2012

Time of Meeting

2.30 pm (WST)

Place of Meeting

The Celtic Club
48 Ord Street
West Perth, Western Australia

AVOCET RESOURCES LIMITED
ABN 11 113 446 352

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Avocet Resources Limited ("**Company**") will be held at 2.30 pm (WST) on Tuesday, 20 November 2012, at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 5.00pm (Sydney time) on Friday, 16 November 2012.

An Explanatory Memorandum containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

ORDINARY BUSINESS

2012 Accounts

To receive and consider the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2012 and the Directors' declaration on the accounts.

Non-binding Ordinary Resolution 1: Directors' Remuneration Report

To receive and consider the Directors' Remuneration Report for the year ended 30 June 2012 and, if thought fit, to pass, with or without amendment, the following Resolution as a non-binding Resolution:

"*That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Directors' Remuneration Report contained within the Directors' Report for the financial year ended 30 June 2012 be adopted*."

Note 1: the vote on this Resolution is advisory only and does not bind the Directors of the Company.

Note 2: If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

Voting Prohibition Statement:

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member,

(collectively, a "**Prohibited Voter**").

However, a Prohibited Voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(b) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on this Resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or the consolidated entity).

Ordinary Resolution 2: Re-election of Mr Philip Lucas as a Director

To consider and, if thought fit, to pass, with or without amendment, as an ordinary Resolution:

"That Mr Philip Lucas, who retires by rotation in accordance with clause 14.4 of the Company's constitution, and being eligible, be re-elected as a Director."

Special Resolution 3: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

By order of the Board
D M McARTHUR
Company Secretary

Dated: 8 October 2012

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Annual General Meeting.

The Company's Directors have determined that all Shares of the Company that are quoted on ASX at 5:00pm (Sydney Time) on Friday, 16 November 2012 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

(a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

AVOCET RESOURCES LIMITED
ABN 11 113 446 352

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the preceding Notice of Annual General Meeting ("**Notice**") of the Company.

The Directors of the Company ("**Directors**") recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2012 and the Directors' declaration on the accounts.

A copy of the Company's 2012 Annual Report is available on the Company's ASX platform (ASX: AYE) and on the website www.avocetresources.com.au. Alternatively, a hard copy will be made available upon request.

There is no requirement for Shareholders to approve the Annual Financial Statements.

The Company's auditor, KPMG Perth, will be present at the Annual General Meeting and Shareholders will have the opportunity ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

(a) the preparation and content of the auditor's report;

(b) the conduct of the audit;

(c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the Company Secretary.

NON-BINDING ORDINARY RESOLUTION 1: Directors' Remuneration Report

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2012.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

The Company's Remuneration Report did not receive a "no" vote of 25% or more at the Company's previous annual general meeting.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

(a) ***If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy***

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

(b) ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise its discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel***.

(c) ***If you appoint any other person as your proxy***

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

ORDINARY RESOLUTION 2 – Re-election of Mr Philip Lucas as a Director

Clause 14.4 of the Company's Constitution requires that at every Annual General Meeting of the Company one-third of the Directors (rounded up to the nearest whole number) shall retire from office. The Directors to retire are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Accordingly, Mr Philip Lucas retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Information about Mr Lucas is set out in the Company's 2012 Annual Report.

Recommendation

The Directors (other than Mr Lucas because of his interest in this Resolution) recommend that Shareholders vote in favour of Resolution 2.

SPECIAL RESOLUTION 3 – Approval of 10% Placement Capacity– Shares

General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

The Board believes that the 10% Placement Capacity is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities of up to 10% of its ordinary share capital through placements over a 12 month period in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately $4.75 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being Shares (ASX Code AYE).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid ordinary shares that became fully paid in the previous 12 months;

(iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rule 7.1 or Listing Rule 7.4; and

(iv) less the number of Shares cancelled in the previous 12 months.

B is 10%

C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Minimum Price

The minimum price at which any Equity Securities issued under the 10% Placement Capacity may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were conducted immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following**:**

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX **(10% Placement Capacity Period).**

The Company will only issue and allot the Equity Securities during the 10% Placement Capacity Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(c) Risk of voting dilution

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the below table to the extent Shareholders do not receive any Shares under the issue.

There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

(i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		**Dilution[1]** $0.0225 **50% decrease in Issue Price**	$0.045 **Issue Price**	$0.09 **100% increase in Issue Price**
Current Variable A 105,513,653 Shares	**10% Voting Dilution**	10,551,365 Shares	10,551,365 Shares	10,551,365 Shares
	Funds raised	$237,406	$474,811	$949,623
50% increase in current Variable A 158,270,480 Shares	**10% Voting Dilution**	15,827,048 Shares	15,827,048 Shares	15,827,048 Shares
	Funds raised	$356,108	$712,217	$1,424,434
100% increase in current Variable A 211,027,306 Shares	**10% Voting Dilution**	21,102,731 Shares	21,102,731 Shares	21,102,731 Shares
	Funds raised	$474,811	$949,622	$1,899,245

The table has been prepared on the following assumptions:

(i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity.

(ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.

(iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

(v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.

(vii) The issue price is $0.045, being the closing price of the Shares on ASX on 4 October 2012.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for [eg, the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or

(ii) as non-cash consideration for [eg the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will provide further information at the time of issue of any Equity Securities under the 10% Placement Capacity in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following non-exhaustive list of factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

(f) Previous Issues under ASX Listing Rule 7.1A

The Company has not previously obtained approval under ASX Listing Rule 7.1A and accordingly has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

Voting Exclusion

A voting exclusion statement is included in the Notice preceding this Explanatory Statement.

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

GLOSSARY

$ means Australian dollars.

10% Placement Capacity has the meaning given in section 3.1 of this Notice.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of the ASX.

Company means Avocet Resources Limited (ACN 113 446 352)

Directors means the current directors of the Company.

Eligible Entity has the meaning given in section 3.2 of this Notice.

Equity Securities has the meaning given in the ASX Listing Rules.

Explanatory Statement means the explanatory statement accompanying this Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Australian Western Standard Time (Perth, Western Australia).

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Instructions for Completing 'Appointment of Proxy' Form

1. (**Changes to Proxy Voting**): Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

   (a) if proxy holders vote, they must cast all directed proxies as directed;

   (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed; and

   (c) the Chair is able to vote undirected proxies in the non-binding vote on the Remuneration Report where the Shareholder provides express authorisation for the Chair to exercise the proxy.

   Further details on these changes are set out below.

2. (**Appointing a Proxy**): A member with two or more votes entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

3. (**Proxy vote if appointment specifies way to vote**): Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

   (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

   (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and

   (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

   (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

4. (**Transfer of non-chair proxy to chair in certain circumstances**): Section 250BC of the Corporations Act provides that, if:

   (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

   (b) the appointed proxy is not the chair of the meeting; and

   (c) at the meeting, a poll is duly demanded on the resolution; and

   (d) either of the following applies:

      (i) the proxy is not recorded as attending the meeting;

      (ii) the proxy does not vote on the resolution,

   the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

5. (**Chair's votes on undirected proxies for Remuneration Reports**): Section 250R(5) of the Corporations Act provides:

   A member of the Key Management Personnel or a Closely Related Party of such a member (the **voter**) may cast a vote on an advisory resolution to adopt a remuneration report as a proxy if the vote is not cast on behalf of a voter and either:

   (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

   (b) the voter is the Chair and the appointment of the Chair as proxy:

(i) does not specify the way the proxy is to vote on the resolution; and

(ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

6. (**Signing Instructions**):

(a) (**Individual**): Where the holding is in one name, the member must sign.

(b) (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.

(c) (**Power of Attorney**): to sign under Power of Attorney, you must have already lodged the document with the Company's share registry. If you have not already provided the Power of Attorney to the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

(d) (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

7. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

8. (**Voting in person**):

(a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

(b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting

9. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):

(c) In person to Level 3, 33 Ord Street, West Perth.;

(d) By mail to Level 3, 33 Ord Street, West Perth.;

(e) By Facsimile to +61 8 93210070;

(f) By scan and email to info@avocetresources.com.au.

so that it is received at least 48 hours prior to commencement of the Annual General Meeting.

Proxy Forms received later than this time will be invalid.

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CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

…………………………………………………………………………………………………….. (***Company***),
Insert name of Shareholder Company

the Company has appointed:

……………………..………………………………………………………………………….…………..…,
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the annual general meeting of the members of Avocet Resources Limited to be held on Tuesday, 20 November 2012 commencing at 2.30 pm (WST) and at any adjournments of that annual general meeting.

DATED ………………………………………………………. 2012

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

………………………………………………	………………………………………………
Signed by authorised representative	Signed by authorised representative
………………………………………………	………………………………………………
Name of authorised representative (print)	Name of authorised representative (print)
………………………………………………	………………………………………………
Position of authorised representative (print)	Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Avocet Resources Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9321 0070.

PROXY FORM

APPOINTMENT OF PROXY
AVOCET RESOURCES LIMITED
ABN 11 113 446 352
ANNUAL GENERAL MEETING

I/We ______________________________

Address ______________________________

being a Member of Avocet Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint ______________________________

Name of proxy (**Please note**: Leave blank if you have selected the Chair of the Annual General Meeting as your proxy.)

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee (subject to any applicable voting restrictions), to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit (except for Resolution 1 which requires the below express authorisation), at the Annual General Meeting to be held at 2.30 pm on Tuesday, 20 November 2012 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment of that meeting.

***Important for Resolution 1**

If a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such a member is your proxy you must direct (in writing) your proxy how to vote on Resolution 1 unless that person is also the Chair in which case you must, in the absence of a direction how to vote, expressly authorise the Chair to exercise the proxy by marking the box below. The Chair intends to vote all available proxies in favour of Resolution 1.

☐ I/we expressly authorise the Chair to vote in accordance with their voting intentions on Resolution 1 (except where I/we have indicated a different voting intention below) and acknowledge that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If you do not mark this box, and you have not directed the Chair how to vote on Resolution 1, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 1.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote (including as a result of an express authorisation).

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report*	☐	☐	☐
Resolution 2 – Re-election of Director – Philip Lucas	☐	☐	☐
Resolution 3 – Approval of 10% Placement Capacity	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____%.

Signature of Member(s)

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ______________ **Contact Ph (daytime):** ________________ **Date:** ________________

Avocet
RESOURCES LIMITED

ANNUAL REPORT 2012

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DIRECTORS AND COMPANY SECRETARY:

Philip Lucas
Non-Executive Chairman
Appointed 9 November 2005

Stanley Macdonald
Non-Executive Director
Appointed 6 October 2005

Walter Berukoff
Non-Executive Chairman
Resigned 17 April 2012

Stephen Mann
Managing Director
Appointed 14 March 2006

David McArthur
Company Secretary
Appointed 2 February 2012

Alex Dermedgoglou
Company Secretary
Resigned 2 February 2012

REGISTERED OFFICE:

Level 2, 55 Carrington Street
NEDLANDS
WA 6009

PO Box 985
NEDLANDS
WA 6909

Telephone: +61 8 9423 3200
Facsimile: +61 8 9389 8327

PRINCIPAL PLACE OF BUSINESS:

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WEST PERTH
WA 6005

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WEST PERTH
WA 6872

Telephone: +61 8 9481 2243
Facsimile: +61 8 9321 0070

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS
WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

BANKERS:

ANZ Banking Group Limited
Level 6, 77 St Georges Terrace
PERTH
WA 6000

AUDITORS:

KPMG
Level 8
235 St George's Terrace
PERTH WA 6000

SOLICITORS:

Allion Legal
Level 2
50 Kings Park Road
WEST PERTH WA 6005

DOMICILE AND COUNTRY OF INCORPORATION:

Australia

WEBSITE AND EMAIL:

www.avocetresources.com.au
info@avocetresources.com.au

SECURITIES EXCHANGE:

Avocet Resources Limited shares are listed on the Australian Securities Exchange (ASX) – code AYE

Avocet Resources Limited distinguishes itself from its competitors through its clear direction, strong relevant technical management, and a portfolio of quality projects.

Mission

The mission of Avocet Resources Limited is to improve shareholder value through quality exploration and acquisition.

The Company undertakes its activities through the application of safe and environmentally sound and sustainable work practices, while being cognisant of indigenous heritage and cultural concerns.

Vision

The Company will maintain a strong management, leadership and technical team to identify, explore and if appropriate, exploit the next generation of ore bodies.

With the expected dramatic increases in the world's energy consumption and the global effect of greenhouse warming, the discovery and exploitation of further uranium deposits is necessary as a supply of a clean energy fuel to complement the broad range of other energy sources.

Values

The core ideology of Avocet Resources Limited is emphasized by its values.

Avocet Resources Limited values transparency in its activities. This is achieved through open and clear communication, honesty, trust, mutual respect and strong leadership.

By providing a safe and friendly workplace and incentives for growth and motivation, the Company is committed to its success through increase in shareholder wealth.

Avocet Resources Limited values excellence in all fields. Through the recruitment of quality staff, and consultants, appropriate training, accountability, and management commitment, the company will excel in its field.

Through the name change to Avocet Resources Limited, your Company has commenced its evolution to a multi-commodity, geographically diverse entity.

Although originally focused solely on uranium in Australia, a combination of exploration success, acquisition opportunities and market pressure has resulted in a more diverse company with the ability to mitigate the risks resulting from the current global economic uncertainty and commodity fluctuations.

Avocet now explores for uranium, precious metals and iron ore across two continents. Its portfolio contains the advanced project at Olary Creek on which the Company's Joint Venture partner is about to undertake a resource estimation and bankable feasibility study on the large magnetite ore body outlined to date. Elsewhere, the Company has completed its preliminary exploration activities and has either followup surface activities, or drill ready targets awaiting at Wabli Creek, the Monster prospect in the Ashburton of Western Australia, at Ardmore in Queensland and in Argentina.

The Company will remain a uranium explorer as it processes the appropriate knowledge and expertise, in addition to some high priority projects for that commodity. Nevertheless, the Company also has some exciting projects for precious metals (gold and silver), in addition to iron ore, base metals and rare earths.

Within the next ten years, at least 96 nuclear reactors are expected to be built. 63 of those are already under construction. Additionally, India has indicated that it wishes to significantly increase its energy output, and Saudi Arabia has announced its intention to build 16 new reactors.

This new construction, combined with the delay of mine development such as Olympic Dam, leave no doubt that the demand for uranium will remain strong and even grow considerably into the future.

Many commodity prices, particularly iron ore, have seen significant declines in recent times. Nevertheless, the fundamentals have remained strong with developing countries seeking, and requiring raw materials for their continual development.

The Company has kept a focus on market conditions, commodity trends and future global requirements in an effort to grow and keep its activities focused and sustainable into the future. The Company is well cashed with a strong and balanced portfolio.

Your Board feels excited about its projects, its people and its future.

Phil Lucas

Chairman

HIGHLIGHTS

- Diamond drilling and reverse circulation drilling programmes completed on Olary Creek iron ore targets. The two programmes totalled 55 reverse circulation and diamond drill holes for an advance of 16241.3 metres.

- Results from these drilling programmes have been received and are included in this report. The majority of DTR concentrates are low in S, P, Al2O3 and SiO2. Significant results include:

Hole ID	Interval		Fe		
ZK2008	122.45m	@	69.79%	in concentrate from	116.0m
ZK2406	80.15m	@	68.64%	in concentrate from	150.25m
OL0018	147.3m	@	67.95%	in concentrate from	70.20m
ZKN0800	83.40m	@	69.13%	in concentrate from	70.00m
ZK1608	116.90m	@	69.47%	in concentrate from	208.80m
and	43.28m	@	69.66%	in concentrate from	115.58m
OL005	61.12m	@	70.10%	in concentrate from	145.00m
ZK2404	45.7m	@	69.97%	in concentrate from	94.00m
ZK1204	72.5m	@	69.34%	in concentrate from	75.5m
ZK2006	122.4m	@	65.53%	in concentrate from	35.40m
ZK1208	73.2m	@	69.69%	in concentrate from	135.80m
and	97.4m	@	69.21%	in concentrate from	254.0m

- Reverse circulation drilling programme at Ardmore extends zone of mineralisation and returns a number of significant intersections.

ARC016	2m	@	408ppm	U3O8	972ppm	V2O5
ARC018	9m	@	752ppm	U3O8	2229ppm	V2O5
ARC021	5m	@	686ppm	U3O8	1732ppm	V2O5
And	3m	@	908ppm	U3O8	1642ppm	V2O5
ARC023	1m	@	755ppm	U3O8	1094ppm	V2O5

- A GIS review of all databases pertaining to the Ashburton Project area has been completed and targets for further exploration have been identified.

- Regional geochemical sampling has identified a new significant silver anomaly on the Saltwater Pool JV with stream sediment result over 100g/t Ag.
- Rock chip sampling of quartz veins at Saltwater Pool Joint Venture identified high grade silver (to 1660g/t Ag) and gold (8.45g/t Au).
- A branch of Piche Resources Pty Ltd, a 100% owned subsidiary of Avocet Resources Limited, has been registered in Argentina, as the vehicle to undertake future exploration in that country.
- U3O8 Limited signed two Joint Venture agreements in Argentina: one on the Cerro Chacon gold project; the other on the Sierra Cuadrada uranium project.
- Exploration activities commenced on the Cerro Chacon Gold Project with 127 rock chip samples, geological mapping and acquisition of Landsat, Aster and ALOS satellite images.
- The Company has changed its name to Avocet Resources Limited following shareholder approval in May 2012.
- Walter Berukoff resigned as a director of the Company during the period due to other business commitments.
- Avocet Resources Limited has $4.64 million cash on hand at the end of June 2012.

OVERVIEW

Avocet Resources Limited has an exploration tenement portfolio which extends across three states of Australia: Western Australia; South Australia and Queensland – (Figure 1), and the Chubut Province of Argentina – (Figure 2).

Although the commodity split has been dominated by uranium in the past, the Company has progressively added to its focus through exploration success and acquisition. The Company still explores for uranium but has returned significant results for iron ore, gold and silver on several projects.

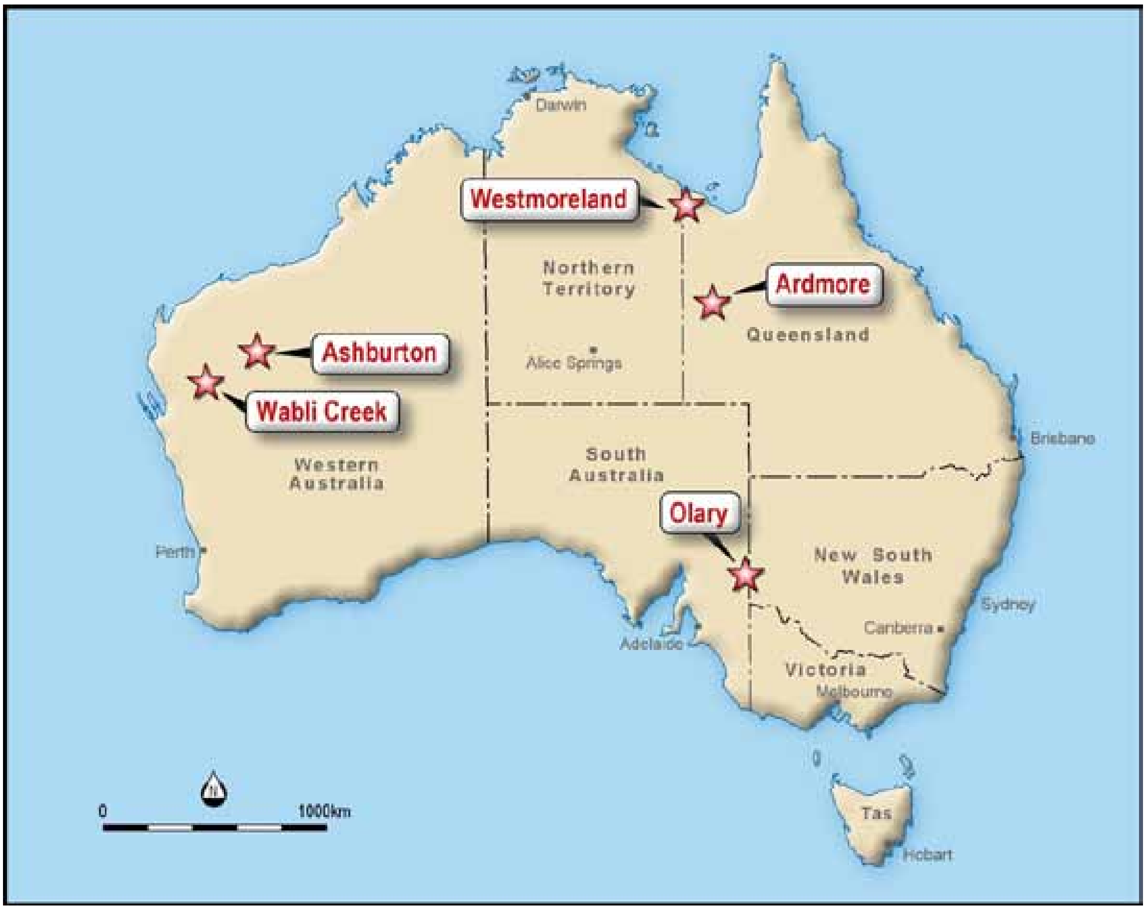

Figure 1 : Australian Project Locations

The Company has now developed a very strong multi-commodity portfolio, including projects targeting precious metals, uranium and iron ore on two continents.

Drilling was carried out on two projects during the period (Olary Creek and Ardmore), whilst other forms of exploration activity has been completed on many of the other project areas.

Some tenement reduction and consolidation has been undertaken in line with the current economic climate and priority of specific projects in the portfolio.

Figure 2 : Chubut Province, Argentina Project Locations

SOUTH AUSTRALIA

Olary Creek

The Olary Creek Project (exploration licence 4664), is located 70 kilometres from Broken Hill with ready access to roads, rail and port facilities. (Figure 3). The project is situated a short distance south of the Barrier Highway and the Indian Pacific railway line.

Avocet Resources considers the project prospective for a range of elements and has completed drilling programmes in search of uranium and base metals, over the past few years. More recently, the Company has focused its attention on iron ore within the project.

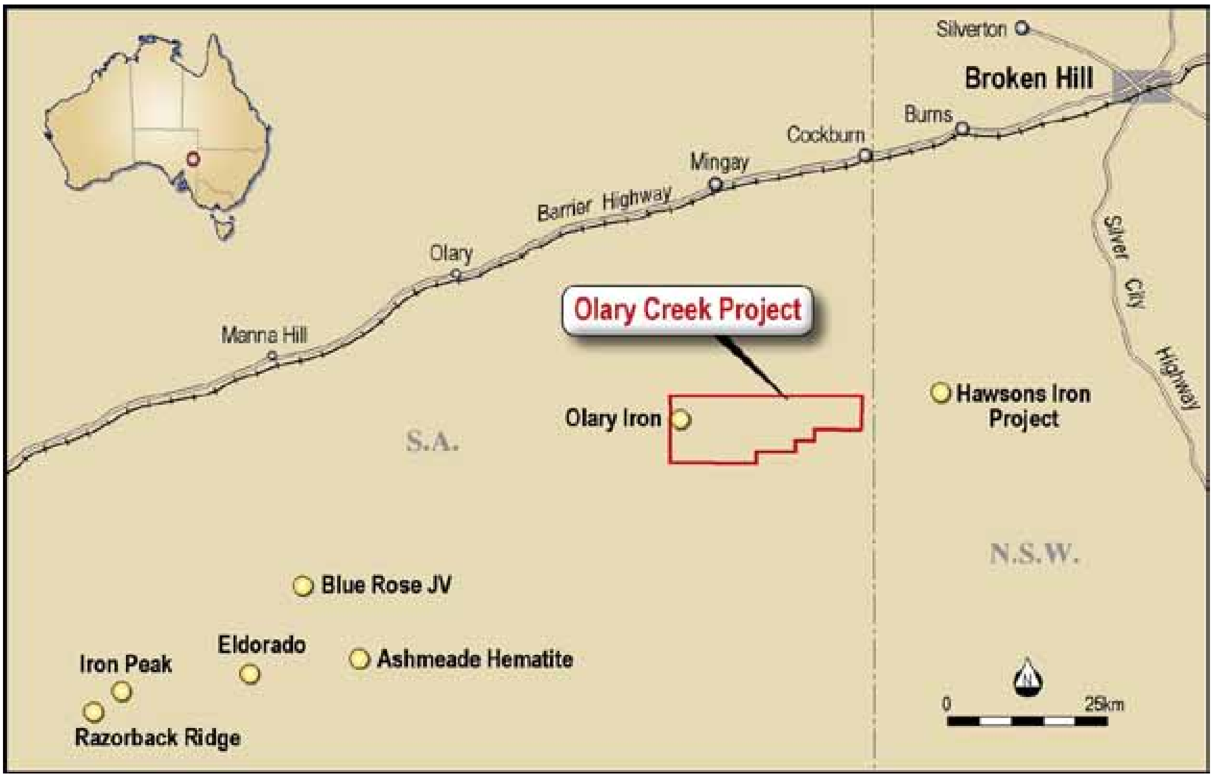

Figure 3 : Location of the Olary Project

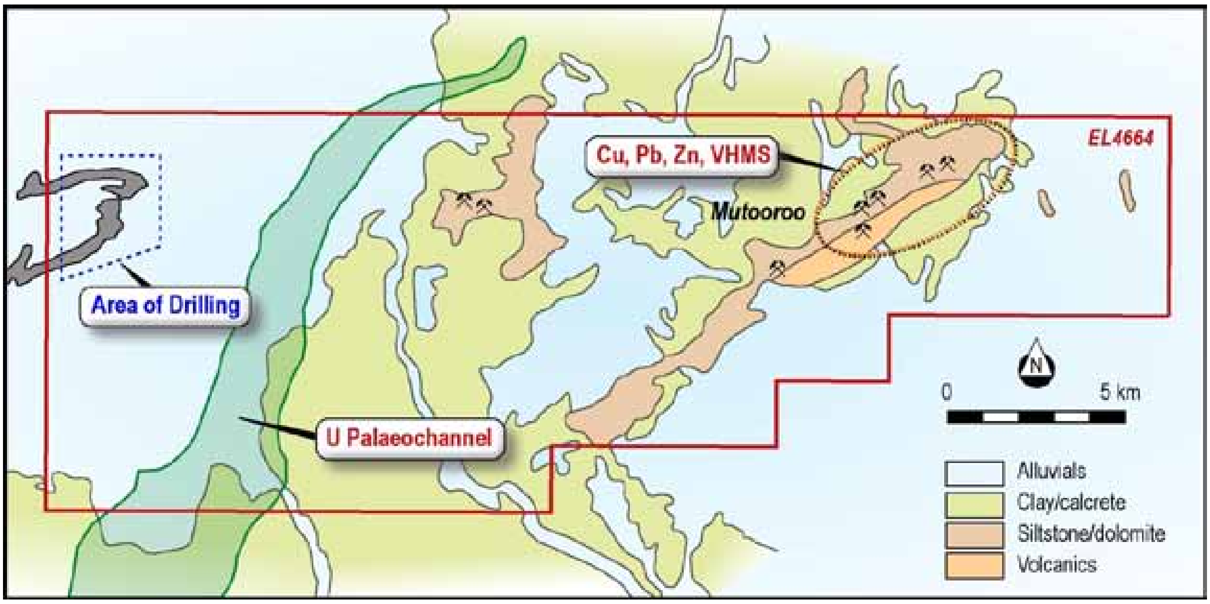

Figure 4 : Geological Overview of the Project Area and Potential Economic Mineralisation

Avocet's joint venture partner, "HJH Nominees" and its partner, "HJK", completed 24 diamond drill holes for a total of 7052.6 metres, in a programme which commenced in July 2011 and finished at the end of December 2011. A further 31 reverse circulation/diamond drill holes were completed between May and June 2012, for a total advance of 9188.7 metres.

A summary of all holes completed in the 2011/2012 drilling programme is included on Table 1. This table includes the hole coordinates and depths.

Whilst sampling of the drill core and reverse circulation drill chips only commenced in March 2012, all the results are Table 2.

The Olary Creek drilling programmes have targeted a significant portion of the siltstone hosted Braemer Iron Formation which is highly prospective for bulk magnetite iron ore deposits in the region. (Figure 4). The upper 30 to 80 metres of stratigraphy is iron rich but contains a combination of both hematite and magnetite, but below that depth, the Davis Tube Recovery concentrate grades average 68-70% Fe with generally low P, S, Al2O3 and SiO2.

Figure 5 highlights all holes completed in these two drilling programmes.

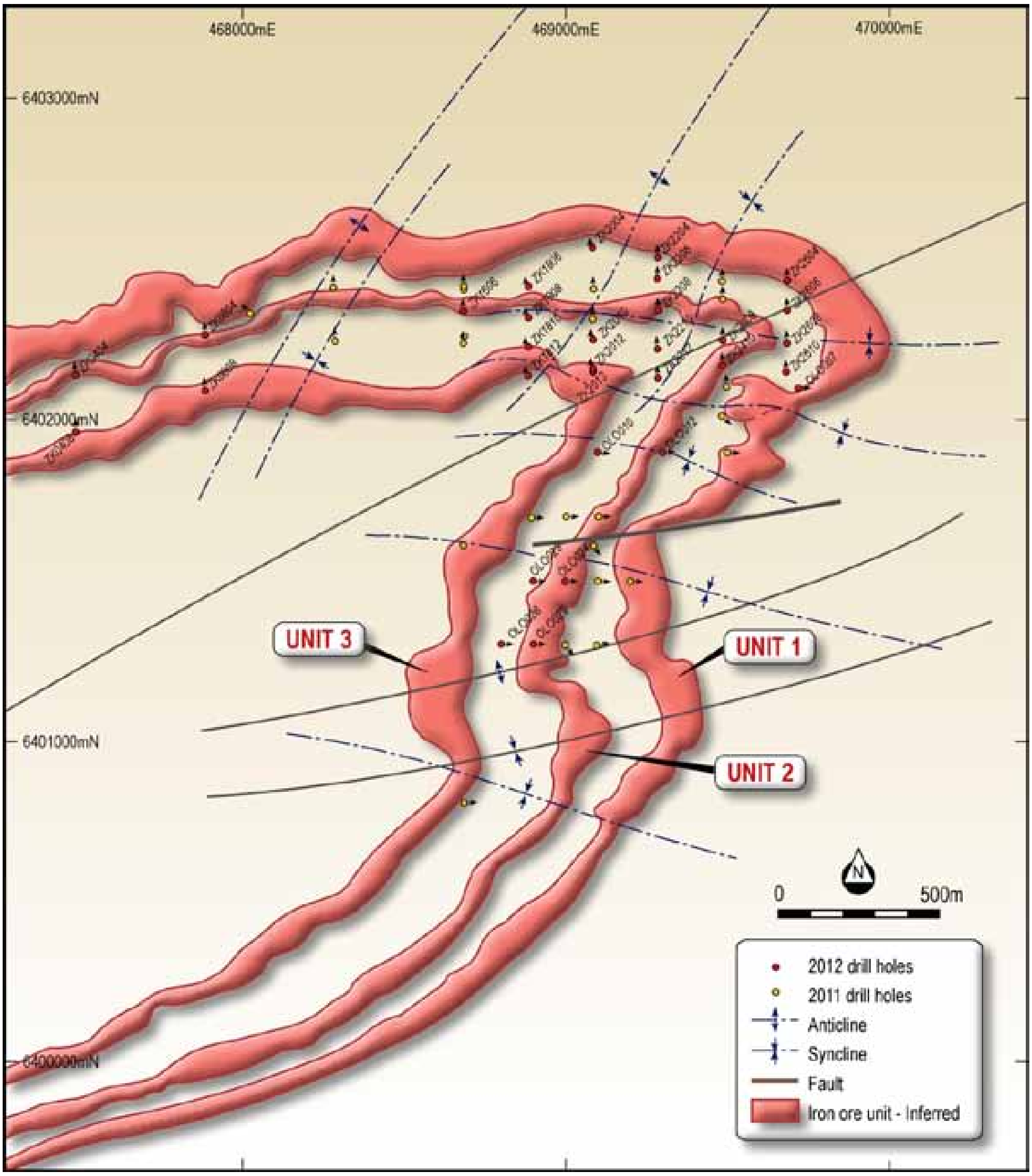

Figure 5 : Location of 2011, 2012 Drilling Programme showing the extent of the main mineralised units

Table 1 : Drill Holes Completed During 2011/2012 Programme

Hole No.	Coordinates		RC	DD	Total Depth	Azimuth	Dip
	N	E					
ZK0404	6402140	467485	148	-	148	360	60
ZK0408	6401965	467485	136	221.5	357.5	360	60
ZK0804	6402265	467885	148	-	148	360	60
ZK0808	6402090	467885	270	96.6	366.6	360	60
ZK1606	6402340	468685	238	-	238	360	60
ZK1806	6402417	468885	-	174.9	174.9	360	60
ZK1808	6402320	468885	-	253	253	360	60
ZK1810	6402229	468885	238	89.8	327.8	360	60
ZK1812	6402139	468885	178	234	412	360	60
ZK2004	6402537	469085	-	123.5	123.5	360	60
ZK2010	6402251	469085	202	102	304	360	60
ZK2012	6402161	469085	244	12	256	360	60
ZK2013	6402151	469085	300	127	427	360	60
ZK2204	6402508	469285	94	-	94	360	60
ZK2206	6402439	469285	172	-	172	360	60
ZK2208	6402342	469285	220	-	220	360	60
ZK2210	6402222	469285	178	156	334	360	60
ZK2212	6402132	469285	250	162	412	360	60
ZK2408	6402249	469485	300	-	300	360	60
ZK2410	6402168	469485	300	106	406	360	60
ZK2604	6402435	469685	-	108	108	360	60
ZK2606	6402340	469685	194	-	194	360	60
ZK2608	6402240	469685	237	27.8	264.8	360	60
ZK2610	6402149	469685	250	96	346	360	60
OL0007	6402100	469720	164	65	229	090	60
OL0010	6401900	469100	300	198.7	498.7	090	60
OL0012	6401900	469300	223	282	505	090	60
OL0023	6401500	468900	238	109.8	347.8	090	60
OL0024	6401500	469000	240	-	240	090	60
OL0028	6401300	468800	222	267.1	489.1	090	60
OL0028	6401300	468900	300	192	492	090	60
ZKE0800	6401610	469085	-	454	454	118	60
ZKN0800	6402332	468026	-	222.4	222.4	345	70
ZK1619	6400810	468685	-	453.3	453.3	N/A	90
ZK1611	6401610	468685	-	702.5	702.5	N/A	90
ZK1603	6402410	468685	-	309.5	309.5	N/A	90
ZK1605	6402260	468685	-	489.5	489.5	N/A	90
ZK1604	6402416	468685	-	189.5	189.5	000	60
ZK1608	6402242	468685	-	351.5	351.5	000	60
ZK1204	6402412	468283	-	153.4	153.4	000	60
ZK1208	6402247	468285	-	351.4	351.4	000	60
ZK2407	6402012	469484	-	296	296	120	60
ZK2404	6402431	469485	-	165.2	165.2	000	60
ZK2006	6402410	469085	-	201.4	201.4	000	60
ZK2008	6402313	469085	-	312	312	000	60
ZK2406	6402376	469486	-	245.8	245.8	000	60

OL0026	6401500	469200	-	177	177	90	60
OL0025	6401500	469100	-	159	159	90	60
OL0019	6401700	469100	-	174.4	174.4	90	60
OL0018	6401700	469000	-	267.4	267.4	90	60
OL0014	6401900	469500	-	200	200	90	60
OL0017	6401698	468897	-	393.4	393.4	90	60
OL0005	6402104	469498	-	302.4	302.4	90	60
OL0030	6401300	468999	-	275.5	275.5	120	60
OL0031	6401300	469096	-	206.5	206.5	085	60

Table 2 : Concentrate, DTR and Head Grade Results from 2011/2012 Drilling Programmes

							Concentrates				
Hole ID	**From**	**To**	**Interval**		**Mass Recovery**	**Head Grade**	**Fe**	**Al_2O_3**	**P**	**S**	**SiO_2**
	(m)	**(m)**	**(m)**			**Fe%**					
ZK0404	101	139	38	@	30.26	32.99	70.46	.117	.005	.002	1.71
ZK0408	123	285	162	@	19.39	20.93	69.76	.216	.004	.003	2.97
ZKE0800	42	61	19	@	18.69	17.95	66.29	.460	.014	.006	6.40
	88	112.3	24.3	@	20.29	22.31	67.40	.460	.013	.013	4.41
	124.5	168.6	44.1	@	42.22	34.59	67.94	.390	.025	.040	4.16
ZKN0800	44.3	48.2	3.9	@	46.95	48.07	69.49	.250	.016	.003	1.24
	70	153.4	83.4	@	24.83	23.41	69.13	.250	.006	.003	3.53
ZK0804	49	59	10	@	14.73	20.93	68.83	.258	.006	.005	3.08
	78	125	47	@	24.66	26.16	69.66	.188	.007	.004	2.91
ZK0808	89	101	12	@	19.95	21.59	70.10	.168	.006	.003	1.66
	139	192	53	@	16.01	19.06	70.12	.181	.005	.010	2.37
	197	363.1	166.1	@	20.25	22.20	69.46	.250	.004	.005	3.11
ZK1204	47.7	53	5.3	@	16.72	45.22	68.99	.310	.027	.005	0.85
	75.5	148	72.5	@	22.22	27.60	69.34	.220	.004	.004	2.92
ZK1208	109.5	122	12.5	@	22.64	24.19	69.58	.210	.005	.001	2.35
	135.8	209	73.2	@	17.56	20.69	69.69	-	-	-	-
	254	351.4	97.4	@	22.68	25.15	69.21	.200	.007	.009	3.36
ZK1603	86.5	192	105.5	@	18.29	23.46	69.24	.271	.004	.002	3.03
	210	285.5	75.5	@	33.02	26.58	67.43	.533	.007	.002	5.45
ZK1604	89.78	103.5	13.72	@	21.08	24.80	69.12	.170	.006	.001	2.84
	112.5	149.7	37.2	@	26.04	23.58	69.09	.310	.007	.001	3.01

Contd..							Concentrates				
Hole ID	**From**	**To**	**Interval**		**Mass Recovery**	**Head Grade**	**Fe**	**Al_2O_3**	**P**	**S**	**SiO_2**
	(m)	**(m)**	**(m)**			**Fe%**					
ZK1605	134.5	181	46.5	@	16.53	22.21	69.48	.240	.002	.003	2.89
	199.23	237.6	38.37	@	15.94	20.62	70.02	.190	.001	.001	2.68
	246.2	255.7	9.5	@	19.33	23.70	68.20	.170	.000	.000	3.16
	256.9	272.9	16	@	20.90	25.40	70.52	.170	.003	.003	2.14
	368	374.63	6.63	@	23.19	23.75	69.38	.390	.010	.010	2.91
	388.5	411	22.50	@	17.38	18.98	70.57	.220	.004	.004	1.83
	476	487	11	@	12.32	18.47	70.29	.150	.003	.003	2.47
ZK1606	99	220	121	@	20.70	23.51	70.04	.229	.007	.003	2.29
ZK1608	115.58	158.86	43.28	@	16.92	26.64	69.66	.140	.004	.005	2.59
	162.3	167.1	4.8	@	29.15	36.74	70.21	.190	.009	.006	2.28
	170.6	174.75	4.15	@	42.94	41.49	70.54	.120	.007	.004	1.55
	195.5	207.7	12.2	@	19.33	21.26	70.46	.160	.004	.005	2.12
	208.8	325.7	116.9	@	22.50	23.14	69.47	.280	.006	.004	3.03
ZK1611	108.2	259.7	151.5	@	21.46	17.99	66.90	.490	.017	.004	6.09
	293	398	105	@	18.96	17.35	67.97	.290	.008	.005	5.09
	419.7	439.6	19.9	@	19.06	20.83	68.63	.330	.009	.005	4.11
	443.4	460.7	17.3	@	10.56	11.31	67.39	.440	.007	.007	5.39
ZK1619	76	94.8	18.8	@	18.17	16.76	67.40	.334	.007	.003	5.81
	119	395	276	@	16.62	16.81	67.15	.362	.006	.005	6.05
	413.6	453.3	39.7	@	19.58	17.89	68.35	.394	.005	.006	4.37
ZK1806	48.3	58.6	10.3	@	16.12	25.58	69.44	.220	.006	.003	1.69
	62.3	163.4	101.1	@	23.07	25.62	69.55	.270	.007	.005	2.60
ZK1808	65.9	89.35	23.45	@	18.50	28.19	69.13	.231	.007	.004	2.58
	92.8	102.35	9.55	@	32.71	37.91	70.01	.216	.007	.003	2.46
	121.35	253	131.65	@	23.57	26.26	70.22	.257	.006	.003	2.13
ZK1810	148	185	37	@	17.51	22.21	70.51	.210	.006	.002	2.14
	197	238	41	@	20.08	24.68	71.12	.170	.006	.002	1.34
	238	319.55	81.55	@	23.00	24.35	69.53	.230	.003	.002	2.99
ZK1812	41	61	20	@	15.16	19.54	68.24	.344	.015	.003	3.13
	69	98	29	@	15.40	21.85	69.28	.177	.007	.002	2.26
	192.25	399.2	199.95	@	20.15	22.30	69.00	.274	.006	.004	3.80
ZK2004	17	32.1	15.1	@	18.96	26.84	68.83	.230	.007	.001	2.03
	44.5	74.1	29.6	@	31.38	27.73	68.90	.330	.008	.019	3.43
ZK2006	35.4	157.8	122.4	@	21.60	23.69	65.53	.210	.004	-	1.93
	162	167.2	5.2	@	22.11	27.43	66.15	.690	.021	-	5.78

Contd..							Concentrates				
Hole ID	From	To	Interval		Mass Recovery	Head Grade	Fe	Al_2O_3	P	S	SiO_2
	(m)	(m)	(m)			Fe%					
ZK2008	50.35	79.3	28.25	@	14.71	24.71	69.95	.180	.002	.006	1.64
	86.6	91.3	4.7	@	23.55	35.03	70.22	.150	.004	.006	1.81
	116	238.45	122.45	@	21.66	23.92	69.79	.250	.004	.007	2.52
ZK2010	64	85	21	@	9.90	20.16	69.85	.244	.002	.002	2.28
	97	124	27	@	15.22	20.89	69.96	.256	.003	.001	2.84
	134	154	20	@	16.05	21.59	70.38	.249	.003	.003	2.26
	167	202	35	@	20.39	24.58	70.73	.197	.002	.003	1.64
	223.6	292.3	68.7	@	23.57	24.58	68.74	.327	.007	.011	3.65
ZK2012	134	228	94	@	13.76	18.36	64.86	.247	.003	.004	2.26
	244.2	256	11.8	@	26.27	27.48	70.95	.147	.004	.000	1.56
ZK2013	10	24	14	@	16.06	20.90	67.95	.223	.012	.005	3.58
	157	251	94	@	15.11	20.70	69.80	.218	.006	.003	2.92
	264	300	36	@	21.07	24.83	70.70	.195	.006	.002	1.85
	300	408	108	@	19.51	22.08	69.40	.286	.004	.001	3.26
ZK2204	41	77	36	@	25.80	26.49	69.06	.370	.006	.008	3.05
ZK2206	30	60	30	@	12.69	22.42	69.73	.210	.086	.001	1.23
	74	139	65	@	24.68	24.10	69.33	.320	.004	.002	3.06
ZK2208	85	138	53	@	19.06	23.68	70.32	.247	.003	.002	2.12
	156	220	64	@	27.38	24.84	69.88	.258	.002	.004	2.68
ZK2210	52	71	19	@	11.28	20.64	69.38	.170	.003	.003	2.43
	84	147	63	@	18.96	21.69	69.84	.196	.005	.003	2.68
	178	229	51	@	19.12	23.00	69.82	.268	.004	.002	2.49
	240.65	300.4	59.75	@	25.36	23.02	68.90	.266	.006	.004	3.88
ZK2212	122	153	31	@	14.73	21.37	70.06	.215	.005	.002	2.36
	164	245	81	@	18.01	21.64	70.18	.182	.005	.002	2.37
	275	404	129	@	21.94	22.48	69.27	.290	.005	.003	3.26
ZK2404	94	139.7	45.7	@	28.67	26.76	69.97	.240	.005	.009	2.70
ZK2406	80.9	93.3	12.4	@	10.32	28.41	68.89	.270	.110	.007	1.20
	97.3	123.1	25.8	@	15.99	21.74	69.61	.250	.005	.006	2.20
	150.25	230.4	80.15	@	24.27	21.75	68.64	.330	.007	.009	4.06
ZK2407	89.1	134.2	45.1	@	25.89	21.22	68.31	.426	.008	.010	4.35
	142.1	172	29.9	@	23.53	20.19	68.02	.369	.007	.007	4.69
	214.1	235.3	21.2	@	36.97	32.70	68.66	.361	.013	.007	3.79

Contd..							Concentrates				
Hole ID	From	To	Interval		Mass Recovery	Head Grade	Fe	Al_2O_3	P	S	SiO_2
	(m)	(m)	(m)			Fe%					
ZK2408	87	101	14	@	25.36	27.18	70.65	.138	.005	.001	1.31
	101	110	9	@	19.75	20.86	70.06	.217	.004	.006	2.61
	135	189	54	@	18.89	21.88	70.76	.199	.002	.006	1.64
	218	295	77	@	23.04	21.36	70.48	.196	.002	.009	2.03
ZK2410	40	52	12	@	13.41	23.18	70.04	.223	.002	.004	1.60
	109	156	47	@	19.29	23.46	70.31	.202	.002	.005	2.30
	160	170	10	@	19.66	20.86	69.00	.303	.005	.003	3.77
	205	274	69	@	19.81	22.16	69.92	.293	.004	.005	2.58
	299	388.7	89.7	@	22.51	21.18	69.23	.224	.003	.001	3.52
ZK2604	64	70.3	6.3	@	17.86	42.07	69.07	.117	.016	.000	1.16
	74.1	101	26.9	@	17.00	23.13	68.82	.343	.008	.002	2.62
ZK2606	89	175	86	@	23.67	23.13	69.64	.272	.006	.003	2.82
ZK2608	73	81	8	@	14.76	23.85	69.73	.199	.005	.001	1.46
	90	144	54	@	17.93	21.58	70.48	.184	.005	.001	1.74
	156	250	94	@	23.59	21.20	69.91	.252	.005	.003	2.79
ZK2610	67	107	40	@	18.46	22.54	69.93	.189	.003	.009	2.24
	120	176	56	@	21.50	22.62	69.32	.243	.005	.002	3.21
	220	311.9	91.9	@	25.33	21.89	69.22	.281	.006	.003	3.45
OL0005	145	206.12	61.12	@	26.90	25.73	70.10	.240	.006	.001	2.36
	221.3	253.6	32.3	@	23.42	22.97	70.12	.190	.004	.001	2.51
OL0007	6	21	15	@	22.50	24.92	68.90	.208	.006	.005	1.95
	108	177.5	69.5	@	30.09	24.31	69.08	.228	.005	.001	3.77
	182.95	229	46.05	@	34.94	28.89	69.77	.197	.006	.001	2.74
OL0010	104	215	111	@	17.12	20.02	69.06	.236	.006	.004	3.47
	223	269	46	@	19.31	18.71	68.82	.262	.004	.001	4.36
	276.95	301.2	24.25	@	29.40	23.37	68.87	.274	.009	.003	4.03
	323.6	471.6	148	@	23.77	20.12	69.42	.265	.006	.003	3.14
OL0012	85	99	14	@	23.75	19.93	68.57	.368	.007	.002	3.94
	186	263	77	@	27.92	22.84	69.68	.350	.006	.002	2.74
	285	339.4	54.4	@	29.27	24.01	69.70	.285	.006	.002	2.80
	401.4	483.8	82.4	@	40.39	31.16	69.43	.445	.012	.017	2.95
OL0014	42.9	71.65	28.75	@	18.01	22.93	68.22	.349	.011	.011	3.19
	161.55	189.8	28.25	@	37.85	33.52	69.12	.311	.013	.009	3.50

Contd..							Concentrates				
Hole ID	From	To	Interval		Mass Recovery	Head Grade	Fe	Al_2O_3	P	S	SiO_2
	(m)	(m)	(m)			Fe%					
OL0017	23	32.6	9.6	@	15.58	20.00	68.52	.300	.010	.005	2.79
	40	76	36	@	11.93	13.39	67.08	.315	.008	.005	5.60
	80.4	113	32.6	@	11.03	14.02	67.32	.292	.007	.004	5.13
	166	214	48	@	12.37	15.01	68.23	.277	.005	.003	4.66
	229	342	113	@	23.28	22.11	69.03	.235	.008	.006	3.73
OL0018	70.2	217.5	147.3	@	22.68	20.76	67.95	.320	.005	.007	4.94
OL0019	35.2	101.7	66.6	@	23.57	23.57	68.16	.290	.006	.005	3.87
OL0023	87	115	28	@	28.07	24.66	69.41	.299	.010	.003	3.26
	264.5	291.7	27.2	@	27.11	24.99	67.62	.470	.015	.116	4.59
	313.5	342.5	29	@	42.79	35.94	68.19	.381	.019	.011	4.24
OL0024	31	43	12	@	27.05	25.61	68.97	.253	.013	.006	3.30
	126	146	20	@	19.12	18.35	68.50	.471	.009	.013	4.31
	177	194	17	@	26.45	24.87	69.95	.372	.009	.025	2.41
	211	240	29	@	36.88	31.45	69.61	.346	.014	.006	2.78
OL0025	40.6	60.8	20.2	@	20.17	19.00	66.96	.490	.007	.006	5.60
	95.6	110.05	14.45	@	28.29	26.40	69.27	.380	.005	.009	3.10
	118	146	28	@	34.71	29.52	68.57	.370	.012	.017	3.80
OL0026	2	14	12	@	22.57	27.91	68.12	.545	.045	.001	2.25
	29.8	84.2	54.4	@	23.18	30.64	67.16	.460	.029	.004	4.35
OL0028	103	216	113	@	21.97	20.02	68.65	.322	.007	.002	4.15
	221.9	236.1	14.2	@	19.58	17.49	66.78	.530	.014	.015	5.99
	300.8	322.5	21.7	@	16.87	16.53	65.21	.630	.016	.073	6.89
	351.1	368.8	17.7	@	23.82	25.45	69.26	.350	.014	.022	2.82
	387.7	408.25	20.55	@	44.45	37.60	68.01	.260	.028	.012	4.57
	412.2	416.2	4	@	45.48	39.44	66.71	.320	.038	.014	5.36
	430.4	436.7	6.3	@	48.09	44.82	68.04	.350	.038	.198	3.70
OL0029	81	110	29	@	24.84	23.49	68.46	.273	.007	.001	3.82
	197	225	28	@	21.80	19.81	68.29	.526	.007	.015	4.26
	279	321.8	42.8	@	20.18	23.06	68.69	.445	.012	.052	3.40
	330.8	492	161.2	@	39.13	32.99	69.13	.263	.020	.036	3.32
OL0030	130.1	150	19.9	@	25.60	22.22	69.16	.428	.013	.001	3.72
	178.5	231.75	53.25	@	31.20	28.74	69.48	.272	.018	.035	2.94
OL0031	32.8	39.4	6.6	@	13.64	18.89	66.90	.490	.015	.017	5.53
	95.5	120.7	25.2	@	43.40	36.48	67.91	.320	.030	.018	4.56
	124.6	129.75	5.15	@	47.16	39.74	66.26	.410	.039	.009	5.99
	140.12	154	13.88	@	51.06	43.39	68.51	.310	.035	.017	3.73

A ground magnetic survey was completed over the main iron ore target area.

The survey was performed with a WCZ-1 Proton Magnetometer. Line spacing was 100 metres, point spacing 20 metres over an area of 10.85km2 between 467300mE and 470400mE and 6399700mN and 6403200mN (GDA94, MGA Zone 54).

The magnetic interpretation map highlighted three magnetic layers, arbitrarily named layers 1 to 3. (Figure 5). Iron ore layer 1 is the primary layer of interest for iron ore exploration, being the main target for drilling. The result of careful mapping shows that the magnetic intensity of each of the layers varies along strike. Particularly, layer 1 shows a large difference between the northern flank with highest magnetic intensity, and the southern flank, with comparatively low magnetic intensity. On the contrary, layer 2 displays the highest magnetic intensity on the southern flank.

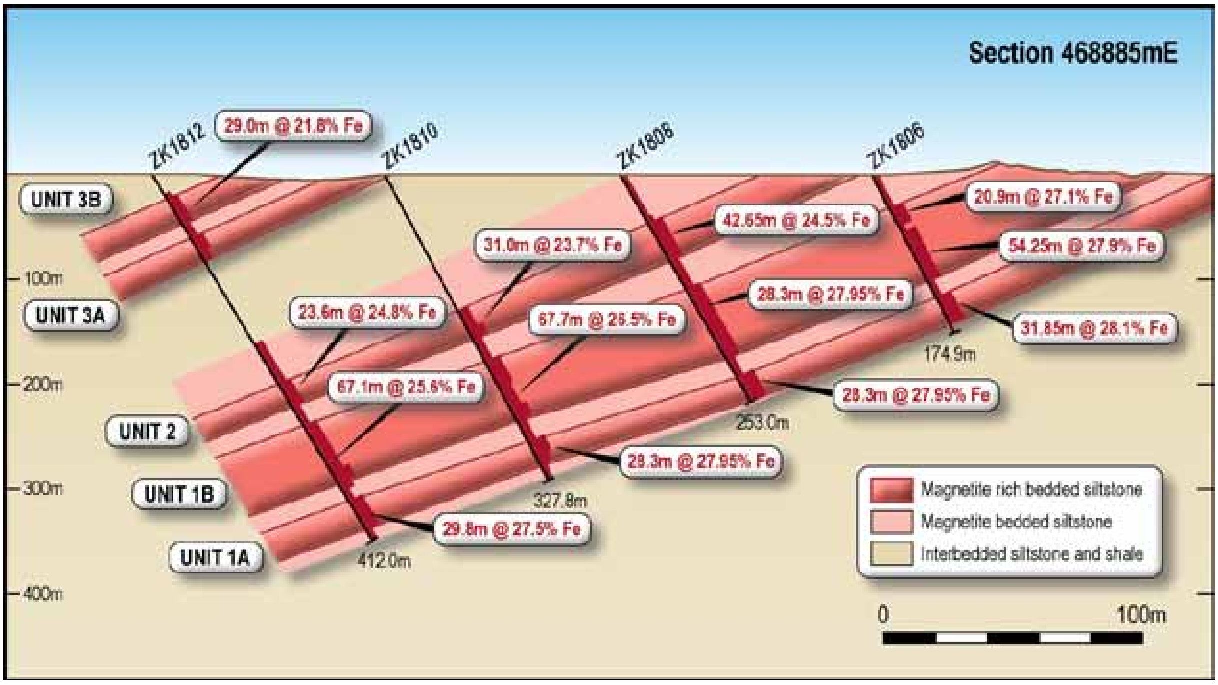

Figure 6 : Cross Section through Olary Creek

Figure 6 demonstrates a typical cross section through the Olary Creek mineralisation. This section highlights the continuity of grade and thickness and the relationship of the various zones of mineralisation.

WESTERN AUSTRALIA

ASHBURTON PROJECT AREA

The Ashburton Project comprises 19 granted exploration tenements prospective for gold, silver, rare earths and base metals, in addition to unconformity style uranium mineralisation and is situated south of Paraburdoo in Western Australia (Figure 1). The project area consists of three groups of tenements. Three granted tenements are held 100% by U3O8 Limited. A further 13 tenements comprise the Ashburton JV, a 50:50 joint venture with Cameco Australia, and the three remaining tenements form part of the Saltwater Pool Joint Venture with Thundelarra Exploration and Cullen Resources. (Figure 7).

The project is located in the Ashburton Basin of Western Australia. It covers the contact zone between the Lower Proterozoic Ashburton Trough and the Mid Proterozoic Bresnahan Basin.

The Lower Proterozoic basement is represented by the Wyloo Group. The Wyloo Group unconformably overlies the Hamersley Basin Mt Bruce Supergroup. The area is recognised as having strong geological similarities to the Alligator River area of the Northern Territory which hosts the world class Ranger and Jabiluka uranium deposits.

Initially, the principle target of the exploration activities was the unconformity between the basal conglomerates of the Middle Proterozoic Bresnahan Group (Cherrybooka Formation) and the underlying black shales and dolomites of the Lower Proterozoic Wyloo Group (Mt McGrath Formation and Duck Creek Dolomite). This contact is known for its uranium mineralisation at the nearby Angelo River A and B deposits north of Avocet's tenements.

Subsequently, through the Company's exploration activities, the prospectivity for rare earths, gold and silver has been highlighted.

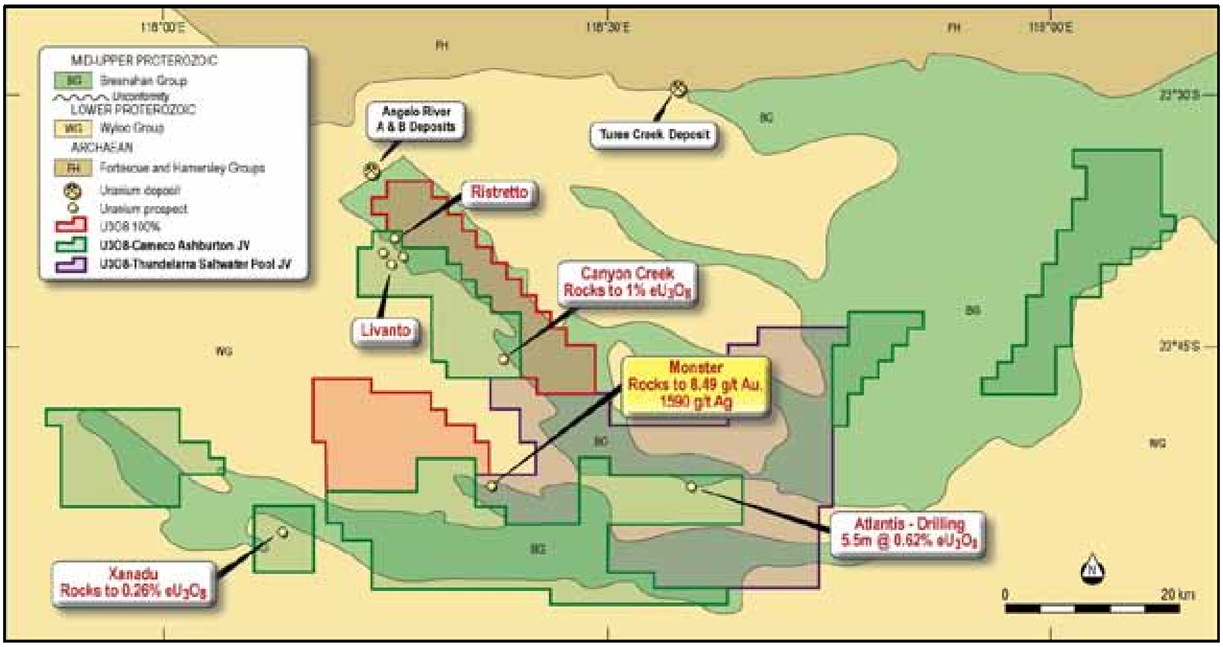

Figure 7 : Avocet Resources Limited's Ashburton Project Area

Ashburton Joint Venture

The Ashburton Joint Venture consists of 13 tenements in a 50:50 joint venture with Cameco Australia Pty Ltd. During the period, the Company completed a detailed magnetic and radiometric survey over E52/2032, and a geochemical sampling programme over a number of the other tenements.

The detailed airborne magnetic and radiometric survey over tenement E52/2032 was undertaken by Thompson Aviation during September 2011. A summary of the survey is included in Table 3. Data from the survey has yet to be received.

Table 3 : Summary of Magnetic Radiometric Survey Covering E52/2032

Line kilometres of survey	4075
Line direction	North-south
Line spacing	100 metres
Flying height	50 metres

The data for this detailed magnetic and radiometric survey undertaken on tenement E52/2032 has been received and an interpretation of the data is currently underway.

A regional geochemical sampling programme was undertaken over tenements of the Ashburton – Cameco JV during 2011. Table 4 highlights the distribution of samples. Results are pending.

Table 4 : Geochemical Samples Collected from Ashburton JV

Tenement No.	Samples	
	Rocks	Stream
E52/1916	-	2
E52/1917	35	24
E52/2446	-	3
E52/2449	-	2
E52/2032	-	11
E52/1880	-	19
E52/1983	-	8
TOTAL	**35**	**69**

35 rock chip and 69 stream sediment samples were collected from the Ashburton JV tenements. All samples were assayed for a standard range of 48 elements, the rare earth elements and the precious metals (Pt, Pd, Au).

Anomalies were identified for a number of elements but those results are still being assessed.

Previously, Avocet reported that it had contracted HyVista Corporation to acquire approximately 1450km2 of airborne hyperspectral scanner imagery over all tenements within the Ashburton Project. Data was acquired at the highest resolution and has provided significant additional information in relation to mineral identification. Detailed interpretation of the data has now commenced and a number of significant alteration anomalies have been recognised in the data. Follow up of identified anomalies will be undertaken in 2012. An example of some of the data is included in Figures 8 – 10.

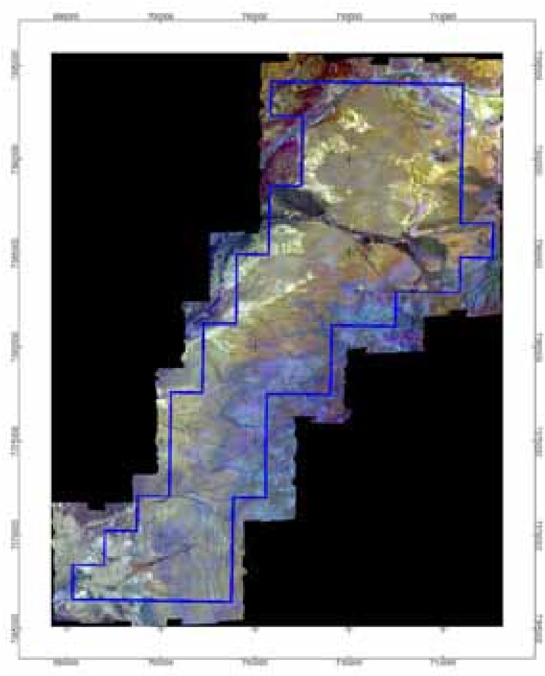

Figure 8 : E52/2032 - False Colour Composite Image

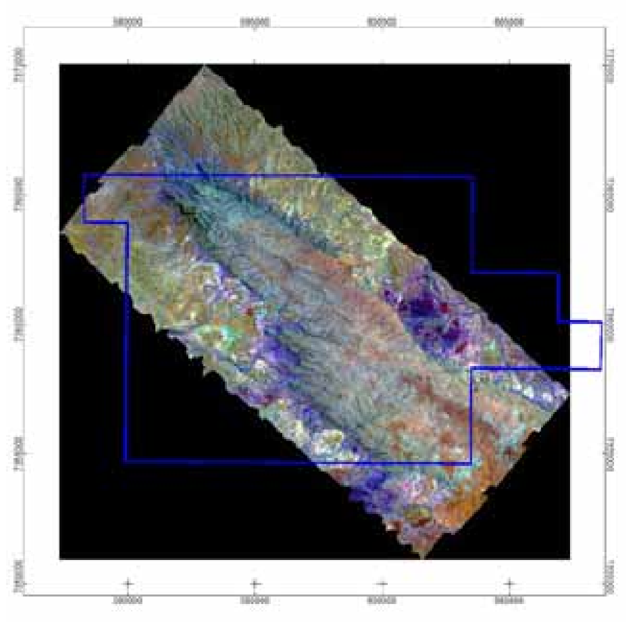

Figure 9 : E52/1915 - False Colour Composite Image

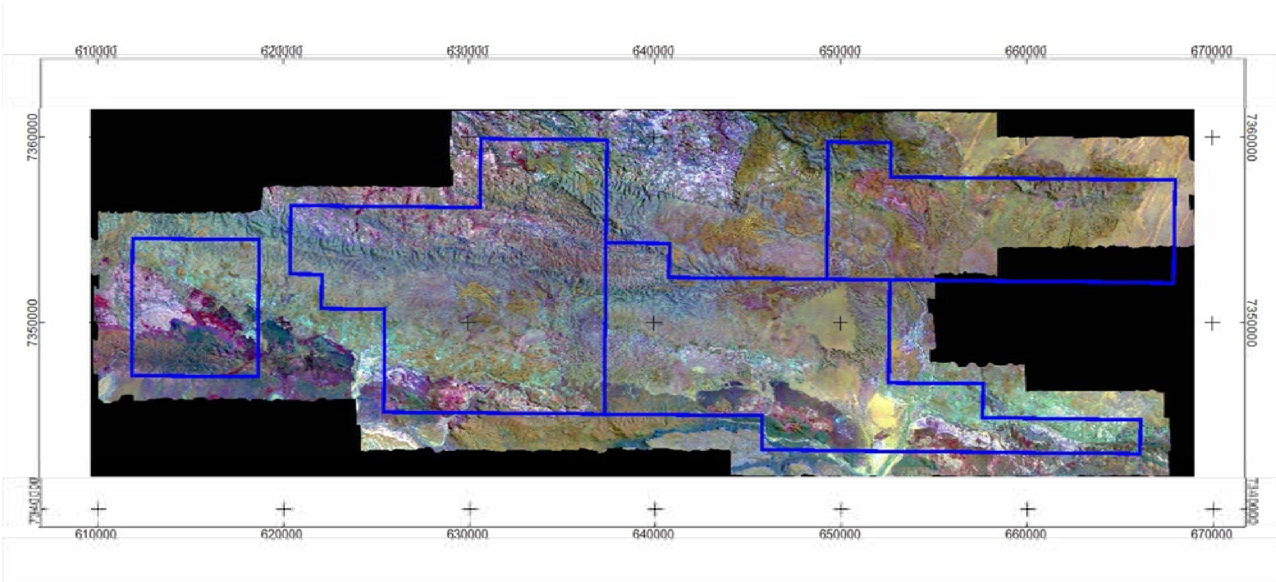

Figure 10 : E52/1879, E52/1917, E52/1916, E52/1880 – False Colour Composite Image

Avocet completed a diamond drilling programme at Ristretto and Anomaly 22 in 2011. Selected samples from the three deeper drill holes had a mineralogy analysis using the Hylogging System completed. The Hylogging data is an analysis of the visible, near infrared, and short wavelength infrared reflectance spectre and identifies the alteration mineralogy which may be associated with general alteration assemblages and specifically uranium mineralisation. Figure 11 highlights the data from a tray of core with various colours representing different alteration types. Further interpretation and analysis is required.

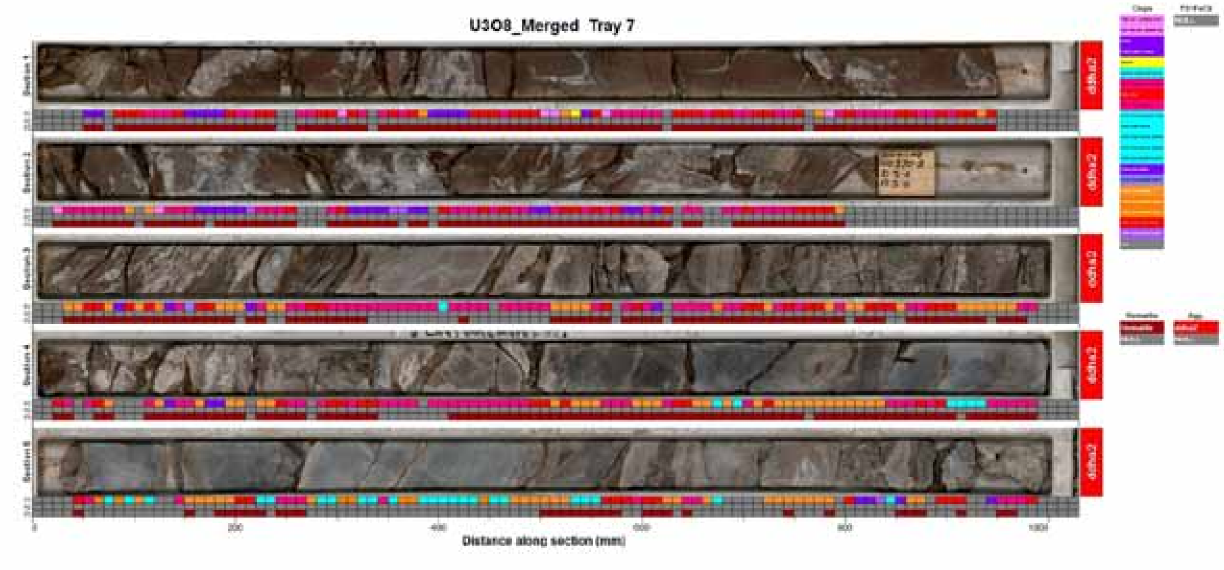

Figure 11 : Hylogging Data from Drill Core at Ristretto

CSA Global Pty Ltd was contracted by Avocet Resources to identify target areas for unconformity-related uranium and orogenic gold deposits within their tenement holdings comprising the Ashburton project. Whilst the priority was on tenements held in joint venture partnership with Cameco Australia, a broader area was considered in order to include region-scale features in the analysis.

Avocet Resources had gathered a significant database of geoscientific data over the area but each dataset had been assessed separately and rarely in conjunction with other datasets. Data included government and company geological mapping and geophysical data, historical and Avocet drilling and geochemistry, and Avocet electromagnetics, magnetics, radiometrics, and satellite imagery.

Additionally, map-based exploration criteria were determined from a review of the factors that control uranium mineralisation in the Pine Creek Province. Map features representing these empirical criteria (e.g. distance to the nearest NE-trending faults) in a primary set of GIS layers was converted to a set of derived GIS layers. The derived GIS layers were re-classified according to the favourability of different ranges of distance (and other similar variables such as strength of radiometric anomaly) for unconformity-related uranium deposits. Some layers were weighted according to their relative importance in determining overall prospectivity prior to combining the layers into a final prospectivity map. Several combinations of these weightings were tested. For example, regional-scale faults and NE-trending faults were assigned a higher relative weighting in one combination of layers used to create a prospectivity map.

Many anomalies generated from this study have already been identified and reviewed but a number of additional anomalies have yet to be examined in the field.

Saltwater Pool Joint Venture

Avocet is farming into three tenements held by either Cullen Resources or Thundelarra Exploration in the Ashburton area, adjacent to tenements held in conjunction with Cameco.

The tenements are prospective for uranium, base metals and precious metals.

Avocet continued its exploration programme on the Saltwater Pool Joint Venture (Figure 7).

In June, Avocet announced the results of initial sampling of a quartz vein within the Saltwater Pool Joint Venture. Additional sampling was carried out and has confirmed these results with one sample returning an exceptionally high grade of 1660g/t Ag (silver), 8.49g/t Au (gold) and 1830ppm Cu (copper). The most significant results are included in Table 5.

Importantly, there seems to be no evidence or records of any historic workings or other exploration activities within the region.

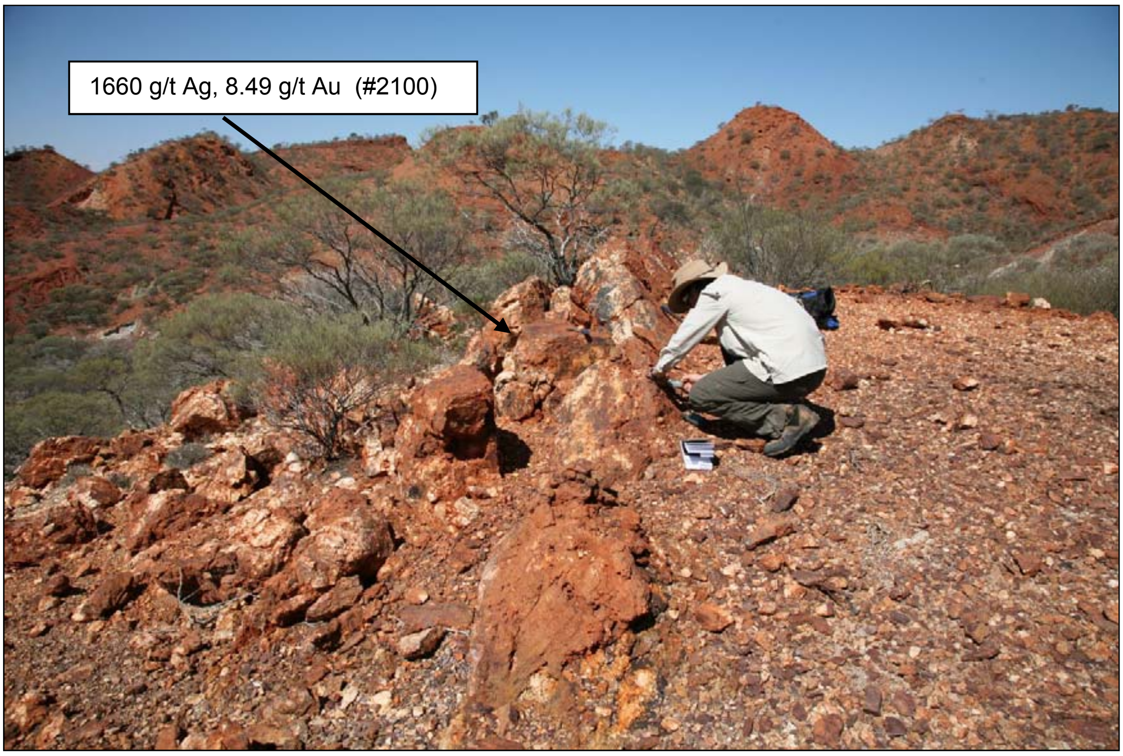

Figure 12 : Quartz Vein Carrying High Grade Silver and Gold

The quartz vein system is laminated in places indicating multiple mineralising phases. The gold and silver grades have had time to concentrate within the quartz vein and mineralising fluids have flowed into and along the vein. Further examples of the quartz vein and assays are shown in Figures 12 - 14.

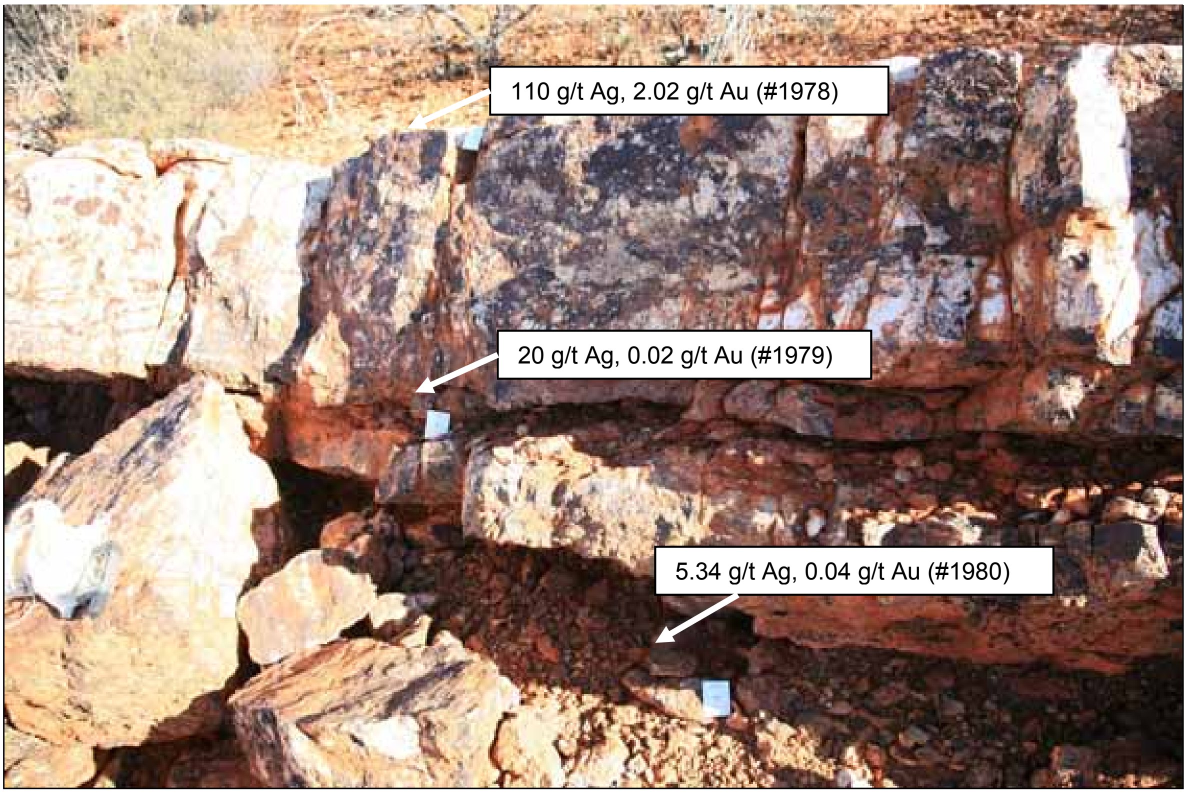

Figure 13 : Laminated Quartz Vein

Table 5 : Significant Rock Chip Results from Saltwater Pool

Sample #	Coordinates		Au (g/t)	Ag (g/t)
1978	637790	7357790	2.02	110
1979	637790	7357790	0.02	20
1980	637790	7357790	0.04	5.34
1985	637780	7357800	0.3	26.6
1986	637780	7357800	6.73	41.2
1987	637780	7357800	0.02	34.8
2100	637770	7357820	8.49	1590

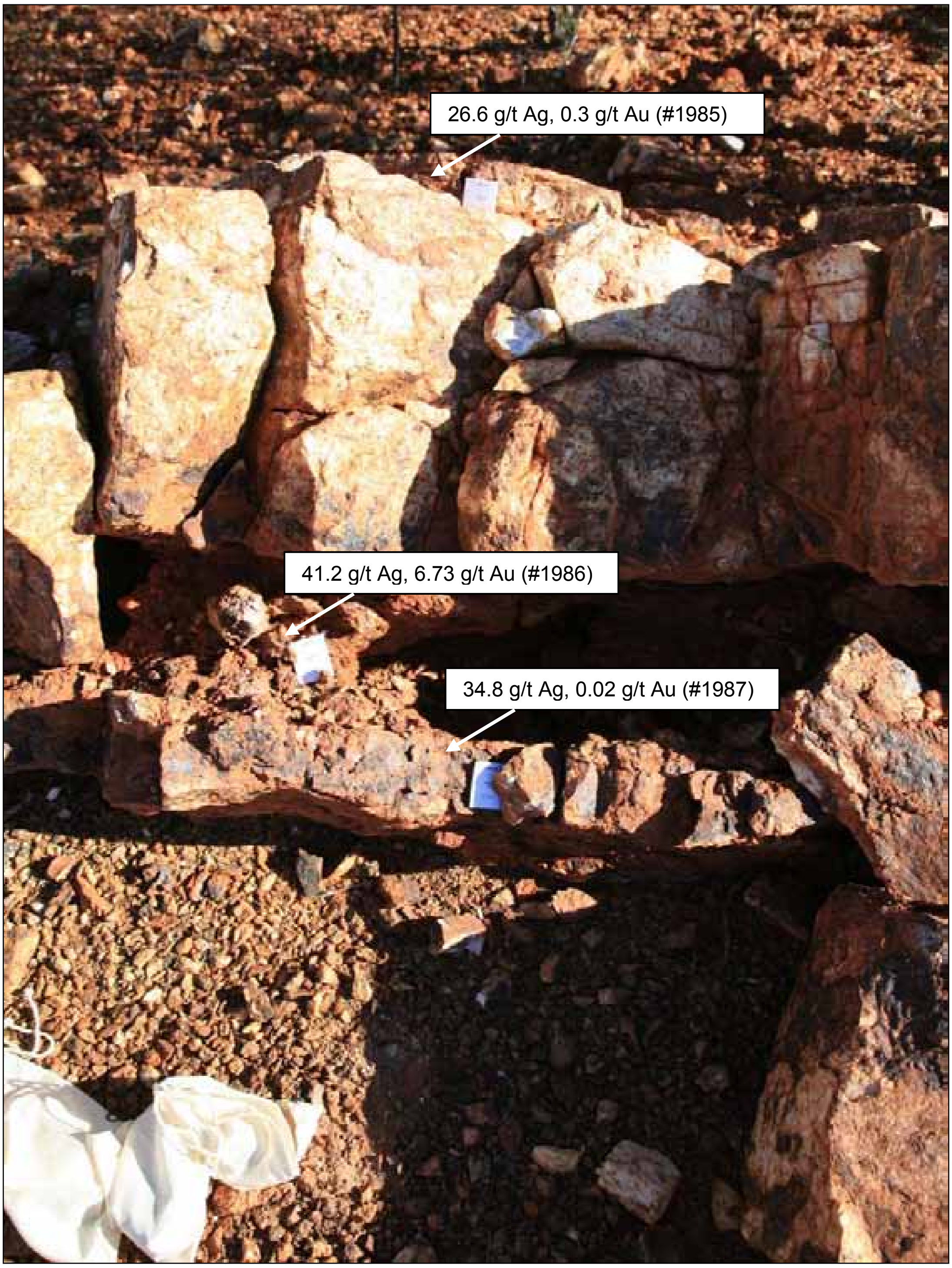

Figure 14 : Another Section of the Laminated Quartz Vein.

The region is host to a massive black shale unit (Figure 15), first discovered after a Tempest EM survey was carried out by the Company in 2008. Sampling of this shale in the vicinity of the quartz vein has returned highly anomalous silver, gold and arsenic values indicating a potential source rock for the higher grade mineralisation in the quartz veining. The extent of the black shale, its chemical composition and structural complexity suggests there is considerable potential for the development of further high grade mineralised bodies and given the area remains largely unexplored, Avocet believes the discovery potential is significant.

Figure 15 : Exposed black shale in creek bed approximately 150m east of the quartz vein, yielding on average 5g/t Ag. The black shale is strongly bleached and has a strike length of several kilometres.

Geochemical sampling of the Saltwater Pool Joint Venture area has been undertaken with 99 stream sediment samples, 24 rock chip samples and 145 soil samples being collected.

The table below highlights the spread of tenements from which the samples were collected. Results are awaited.

Table 6 : Samples Collected from Saltwater Pool JV

Tenement No.	Samples		
	Rocks	Soil	Streams
E52/1890	10	145	39
E52/1892	14	-	50
E52/1940	-	-	10

Further follow up sampling has substantiated the early results. Additionally, a regional stream sediment sampling programme over the Ashburton Project area has identified a very significant new silver anomaly on E52/1940. Several stream sediment samples returned anomalous silver assays with the most significant being greater than the 100g/t Ag upper limit of detection. Further follow up of this anomalous area will be undertaken in 2012.

Due to the complex nature of the mineralisation, Avocet contracted SJS Resources Management Pty Ltd to review the structure, stratigraphy and mineralisation in the area which returned the significant gold and silver mineralisation in 2011, namely the Monster Prospect. The field work for this project was completed by SJS and Avocet.

The vein system was traced and mapped for over two kilometres before its strike extended beneath the overlying sandstone sequence. (Figure 16).

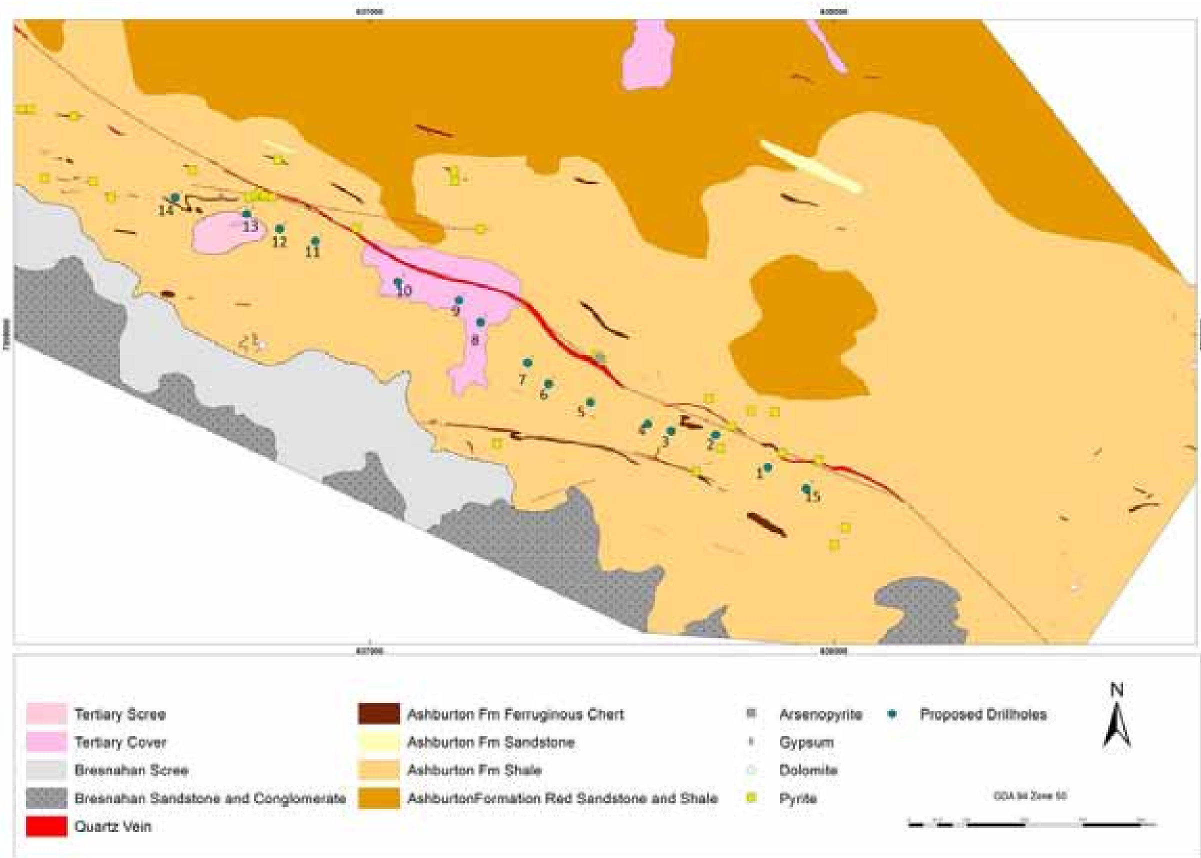

Figure 16 : Geological Mapping at Monster

Due to the nature of the mineralisation, the lithologies present, the sulphides, and the structural complexity, the consultants have proposed a model for the Monster mineralisation similar to the 40 million ounce gold deposit at the Homestake Mine in South Dakota in USA.

A number of drill holes have been planned to test this model. The approximate location of these reverse circulation drill holes have been recorded in Figure 16.

Figure 17 highlights a typical target cross section and the terrain where drilling will occur.

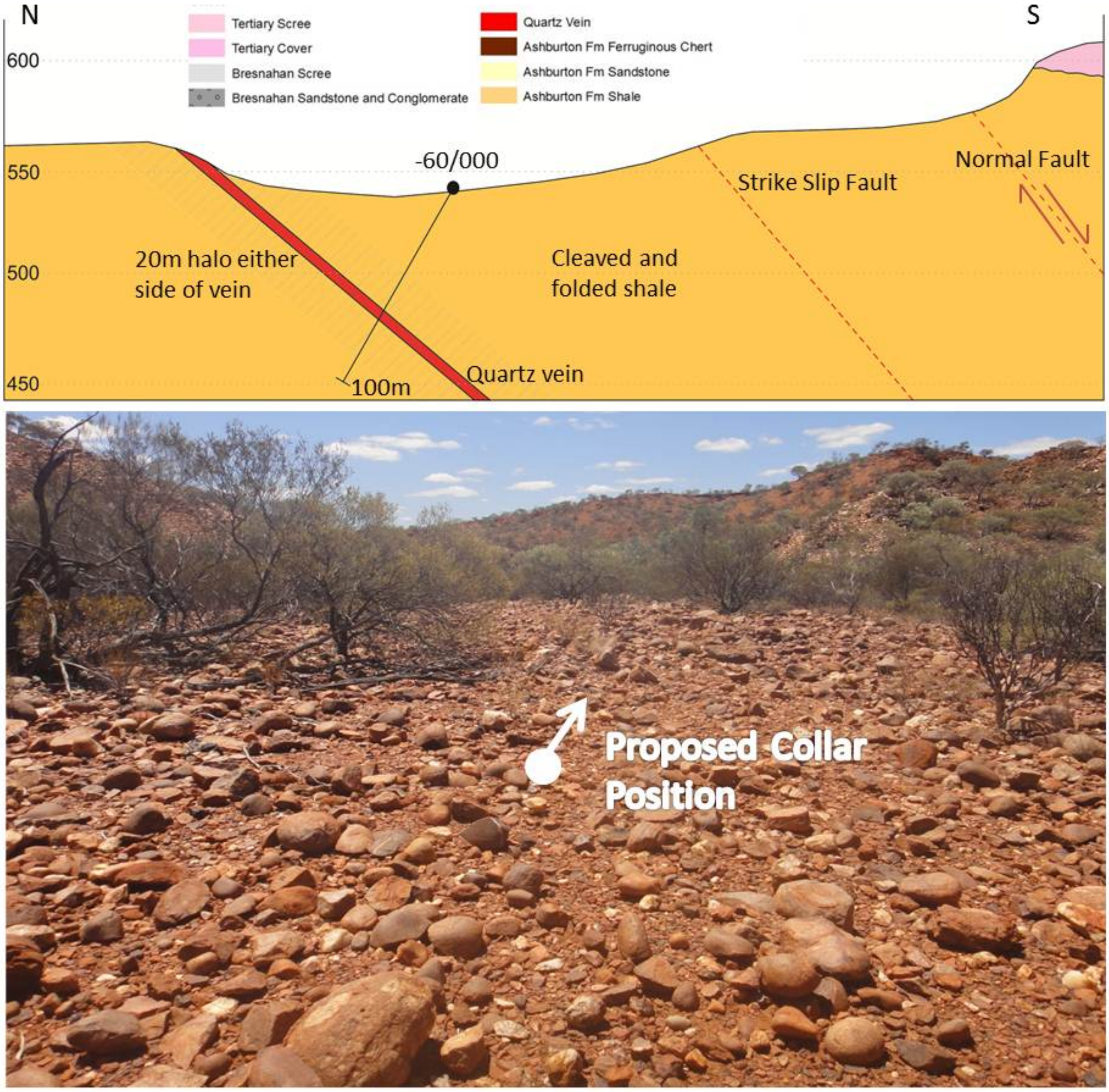

Figure 17 : Cross Section and Locality of Proposed Drill Holes at Monster

SOUTH AMERICA

ARGENTINA

Following the creation of the 100% owned subsidiary of Avocet (U3O8) in Australia, Piche Resources Pty Ltd, a branch of that subsidiary has now been established in Argentina as the vehicle for the Company's exploration activities in South America.

In December 2011, Avocet announced that it had signed a Heads of Agreement with Canadian based U3O8 Corp, a company focussed on exploration and resource expansion in South America.

The Sierra Cuadrada Project covers an area of over 700km2 adjacent to CNEA's (Atomic Energy Agency of Argentina) Sierra Cuadrada Project in the southern half of the province of Chubut in Argentina. (Figure 18, 19). The area is prospective for sandstone hosted uranium mineralisation, similar in style to the previously mined Cerro Condor and Los Adobes operations, and the current advanced resource of Cerro Solo, all in the same province. (Figure 20).

Even though visible uranium mineralisation outcrops at the surface in a number of areas within the project, very little surface exploration, and no drilling, has been undertaken outside the zone of mineralisation previously identified by CNEA.

Figure 18 : Argentina, South America

Figure 19 : Chubut Province, Argentina

Avocet will have the right to earn 51% interest in the Sierra Cuadrada Joint Venture by spending US$1 million in exploration within a period of four years. Avocet will manage the Sierra Cuadrada JV.

Avocet's JV partner, U3O8 Corp., is a Toronto-based exploration company focused on exploration and resource expansion of uranium and associated commodities in South America. U3O8 Corp. has an advanced portfolio of uranium projects in the region including Guyana, Argentina and Columbia.

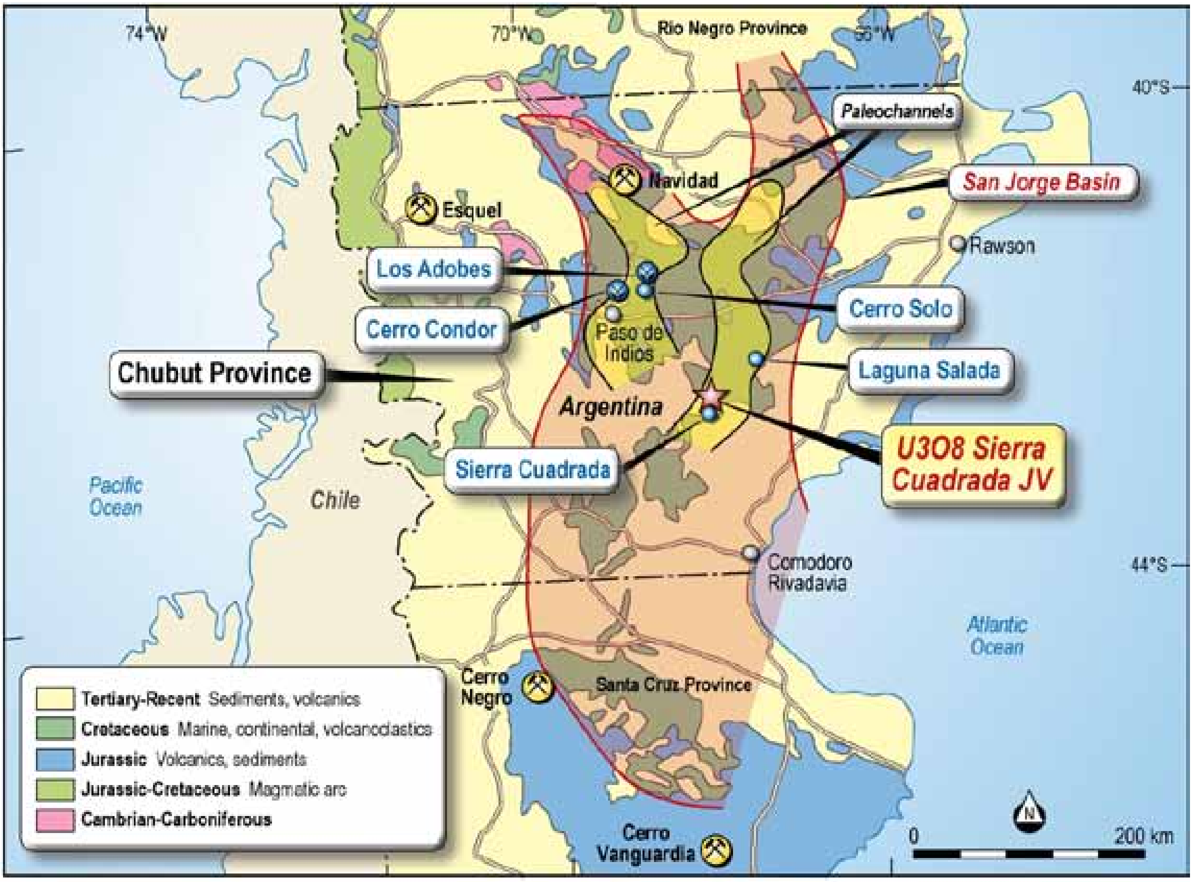

Figure 20 : Location of Sierra Cuadrada Joint Venture

A formal Joint Venture Agreement is currently being prepared after which, Avocet intends to commence an aggressive, but systematic exploration programme over the project area.

In March, Avocet also announced that Piche Resources had signed a formal Joint Venture Agreement with MH Argentina S.A. on the Cerro Chacon Project in Argentina.

The Cerro Chacon Project consists of 11 tenements, covering an area of approximately 419km2, in the province of Chubut, in the Patagonia region of Argentina.

The project area is prospective for low sulphidation epithermal gold-silver mineralisation with several very significant anomalies having previously been identified. Epithermal vein systems up to 2km long have been followed on the surface with rock chip samples returning gold value to 9.8g/t Au (gold).

Additionally, this and other prospects within the Joint Venture are anomalous in precious and base metals and other minerals indicative of this style of mineralisation.

No historical drilling or other work of significance has been undertaken on the project to date.

Piche Resources has the right to earn 60% in the Joint Venture by expending US$500,000 during the first three years.

Furthermore, Piche Resources is able to earn 100% of the project within 10 years subject to conditions which include:

i) Expending US$500,000 during the first three years;
ii) Within the initial 3 year period, a Joint Venture Company between MHA and Piche having been formed;
iii) Mining activities having commenced.

If Piche meets the conditions set out above and exercises its options to earn 100% of the project, MHA will be granted a 3% net Smelter Return Royalty over the property. Piche will be able to acquire half of that royalty (1.5%) by payment of US$1.5million.

There are many projects and operations in Patagonia located in similar geological settings, including Navidad, the largest undeveloped silver deposit in the world containing 751 million ounces silver (Ag) and over 3 billion pounds of lead; Cerro Vanguardia, with measured, indicated and inferred resources of 4.4 million oz Au and 95.2 million oz Ag; and Cerro Negro, which contains 5.4 million oz Au and 43.6 million oz Ag in similar categories. (Figure 21).

MH Argentina S.A. is the Argentinean branch of Hochschild Mining, a leading underground precious metal producer in the Americas with a primary focus on gold and silver. The 2011 production of the five projects operated by Hochschild, totalled 21.45 million ounces Ag and 180,300 oz Au. The 51% owned San Jose operation in Santa Cruz Province of Argentina produced 5.9 million oz Ag and 81,000 oz Ag in 2011.

The Cerro Chacon Gold Project adds considerable focus to the Company's objectives in Argentina following its announcement that it had also signed the Sierra Cuadrada Heads of Agreement.

The Company commenced exploration on the Cerro Chacon project during this period with a programme of geological mapping and rock chip sampling being undertaken, prior to adverse winter weather conditions halting activities.

The area had been previously geologically mapped at a very basic level but there is no government geological survey mapping over the project. Mapping was aimed at identifying the main host rock lithologies at the prospects identified to date, namely La Javiela, La Eugenia, Don Francisco and La Negra and the extent of the visible structures and epithermal vein systems.

Collection of 127 rock chip samples occurred during the geological mapping. Samples were assayed for 40 elements at Alex Stewart Laboratory in Mendoza, Argentina, including both precious and base metals and a selection of pathfinder elements. A number of anomalous results have been returned but an analysis of the results has yet to be undertaken.

A number of Landsat, Aster and Prism ALOS satellite images covering the project area have been purchased and processed to aid in the geological mapping and prospect selection within the project area. A geological interpretation has been undertaken, the results of which will assist in interpretation of the geochemical results and the final stages of the geological mapping.

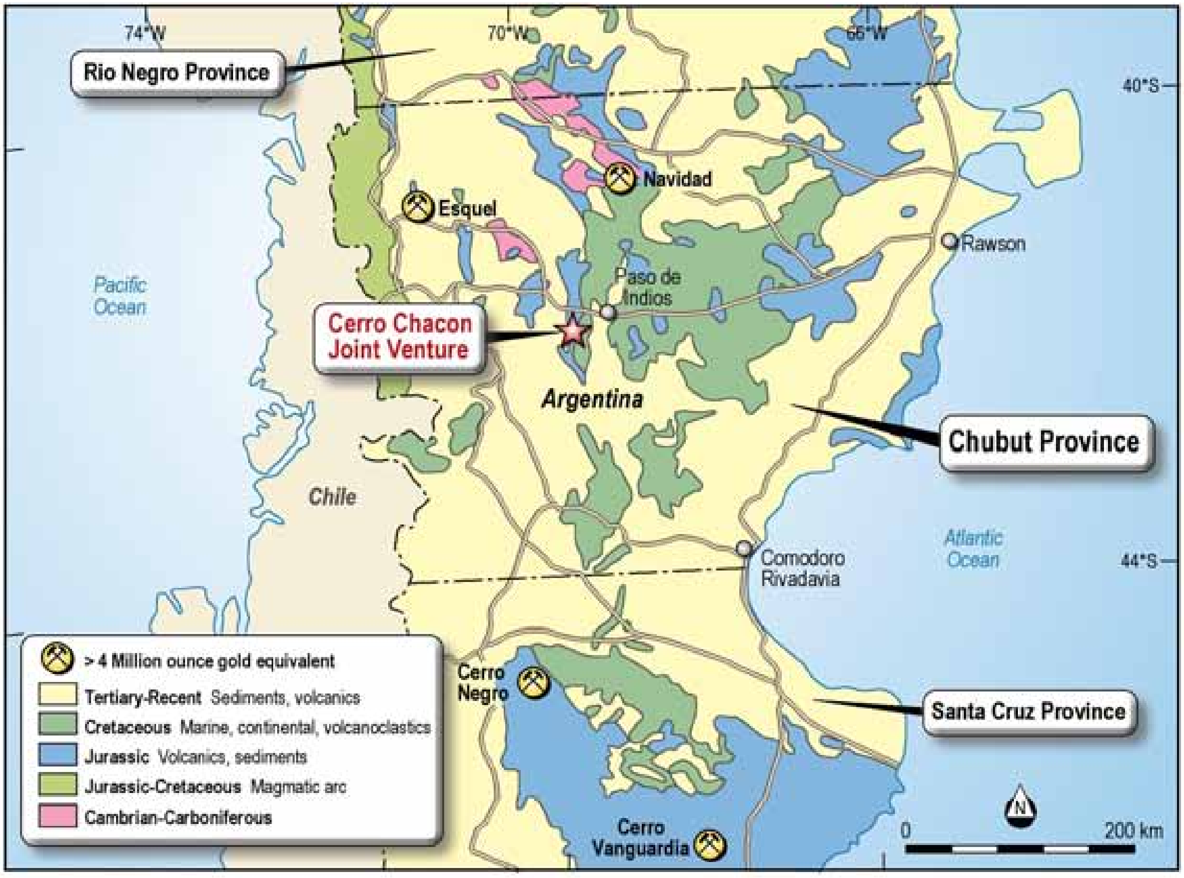

Figure 21 : Location of Cerro Chacon JV, Chubut

The information in this report that relates to Mineral Resources is based on information compiled by Stephen Mann, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company 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. Mann is a full-time employee of U3O8 Limited. Mr Mann consents to the inclusion of the information in this announcement in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Group comprising of Avocet Resources Limited ("the Company"), and its subsidiary, for the financial year ended 30 June 2012 and the auditor's report thereon.

1. DIRECTORS

The directors of the Group at any time during or since the end of the financial year are:

Philip Lucas
Stephen Mann
Stanley Macdonald
Walter Berukoff

Walter Berukoff was a director from the beginning of the financial year until his resignation on 17 April 2012.

Philip Lucas
Independent Non-executive Director
Appointed: 9 November 2005

Qualification
Bachelor of Jurisprudence
Bachelor of Laws

Experience and expertise
Mr Lucas is a corporate lawyer with over 15 years' experience. He is a founding principal of the law firm, Pullinger Readhead Lucas, now Allion Legal, previously a partner at a national legal firm. He has extensive experience in advising ASX listed resource companies with respect to mining, corporate and governance issues.

Other current directorships
Nil

Former directorships in the past three years
Nil

Special responsibilities
Member of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

Interest in shares and options
290,000 ordinary shares
Nil options

1. DIRECTORS (continued)

<u>**Stephen Mann**</u>
Managing Director (CEO)
Appointed: 14 March 2006

Qualification
Bachelor of Science (Hons)

Experience and expertise
Mr Mann is a geologist with over twenty five years industry experience in mineral exploration and development. Graduated from Adelaide University with Honours and has since worked for Utah Development Group, BHP Minerals Ltd and Newcrest. He was subsequently employed by Cogema Australia Pty Ltd, (AREVA NC) firstly as Exploration Manager and then as Managing Director of its Australian subsidiaries devoted to gold and uranium exploration and gold mining

Other current directorships
Nil

Former directorships in the past three years
Nil

Special responsibilities
None

Interest in shares and options
760,304 ordinary shares
Nil options

<u>**Stanley Macdonald**</u>
Non-executive Director
Appointed: 6 October 2005

Experience and expertise
Mr Macdonald is a major shareholder in the Group and has been associated with the mining and exploration industry for over 20 years.

Other Current Directorships

Non-executive Director	Zenith Minerals Limited
Non-executive Director	Gascoyne Resources Limited

Former directorships in the past three years
Giralia Resources NL
Carpentaria Exploration Limited

Special responsibilities
Project acquisition and Group promotion
Member of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

Interest in shares and options
2,743,276 ordinary shares
Nil options

1. DIRECTORS (continued)

Walter Berukoff
Independent Non-executive Chairman
Appointed: 16 June 2008
Resigned: 17 April 2012

Experience and expertise
Mr Berukoff is a mining entrepreneur, merchant banker and financier. He was responsible for building both Miramar and Northern Orion into two of Canada's most important mining companies with combined market capitalisations exceeding C$1 billion.

Other current directorships

Leisure Canada (LCI)	Canadian listed
Xtal Mineral (XTAL)	Canadian listed

Former directorships in the past three years
Nil

Special responsibilities
Chairman of the Board
Chairman of the Audit and Risk Management Committee
Chairman of the Remuneration and Nominations Committee

Interest in shares and options
Nil ordinary shares
500,000 options

All directors held their positions as a director throughout the entire financial year unless otherwise stated.

2. COMPANY SECRETARY

David McArthur
Appointed: 2 February 2012

Experience and Expertise
David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 2 February 2012. Mr McArthur has 28 years' experience in the corporate management of public listed companies.

Alex Dermedgoglou
Appointed: 27 April 2007
Resigned: 2 February 2012

Experience and Expertise
Mr Dermedgoglou is a Chartered Accountant and has over 15 years' experience in the auditing of a wide range of enterprises including companies engaged in the mining and exploration industry and is Company Secretary for Zenith Minerals Limited.

3. DIRECTORS' MEETINGS

The number of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Director	Full meetings of directors		Meetings of audit and risk management committee		Meetings of remuneration and nominations committee	
	No. of meetings attended	No. of meetings held whilst a director	No. of meetings attended	No. of Meetings held whilst a director	No. of meetings attended	No. of meetings held whilst a director
Philip Lucas	6	6	2	2	1	1
Stephen Mann	6	6	2	2	-	-
Stanley Macdonald	6	6	2	2	1	1
Walter Berukoff	5	5	2	2	-	-

4. REMUNERATION REPORT - AUDITED

This report sets out the current remuneration arrangements for directors and executives of Avocet Resources Limited. For the purposes of this report, key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling major activities of the Group, including any director (whether executive or non-executive) of Avocet Resources Limited, and includes the executives in the Group receiving the highest remuneration.

The remuneration report is set out under the following main headings:

- Principles of compensation
- Directors' and executive officers' remuneration
- Analysis of bonuses included in remuneration
- Equity instruments

Principles of compensation - audited

Remuneration is referred to as compensation throughout this report.

Compensation levels for Directors and Executives of the entity are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. As the Group's principal activities during the year were mineral exploration and evaluation, measurement of remuneration policies against financial performance is not considered relevant until such time as mining operations commence.

The objective of the Group's reward framework is to ensure reward for performance is competitive and appropriate. The Board ensures that remuneration satisfies the following criteria for reward:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

Remuneration of Directors and Executives for the year ended 30 June 2012 has been determined by the Board. In this respect consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

Fixed compensation
Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual and overall performance of the Group.

Performance-linked compensation
Performance-linked remuneration includes long-term incentives in the form of options over ordinary shares of the Group. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Group is at the exploration stage and during this period is expected to incur operating losses. There is no separate profit-share plan.

Long-term incentive
Long-term incentives are comprised of share options, which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. The exercise price of the options is determined after taking into account the underlying share price performance during the period leading up to the date of the grant. Subject to specific vesting conditions, each option is convertible into one ordinary share.

No options were granted during the year.

4. REMUNERATION REPORT – AUDITED (continued)

Principles of compensation - audited (continued)

Consequences of performance on shareholder wealth
The overall level of key management personnel compensation takes into account the performance of the Group over a number of years.

Performance in respect of the current financial year and the previous four financial years is detailed in the table below:

Shareholder returns	2012 $	2011 $	2010 $	2009 $	2008 $
(Loss) / profit attributable to equity holders	(2,258,889)	4,102,485	(977,911)	(1,338,734)	(1,959,166)
Basic profit (loss) per share	(0.021)	0.039	(0.009)	(0.017)	(0.021)
Change in share price (from initial listing of 20 cents)	(0.16)	(0.10)	(0.12)	(0.08)	Nil

During the financial years noted above, there were no dividends paid or other returns of capital made by the Group to shareholders. The Group's performance is impacted by a number of factors including employee performance. The measures of performance of the Group set out in the table above have been taken into consideration in determination of appropriate levels of remuneration

Non-executive compensation
Total compensation for all non-executive directors, agreed in general meeting is $200,000 per annum.

All non-executive Directors receive $25,000 each per annum. Directors' fees cover all main board activities and memberships of applicable sub-committees.

Having regard to the current economic climate, the non-executive directors' resolved to forgo their director's fees, effective 1 June 2012, until advised further.

Service contracts
Remuneration and other terms of employment for other key management personnel are formalised in service agreements. The service agreements outline the components of compensation paid to the key management personnel but do not prescribe how compensation levels are modified year-to-year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy. The major provisions of the agreement relating to remuneration are set out below.

S T Mann, Managing Director, has a contract of employment dated 29 September 2006 with the Group. The contract specifies the duties and obligations to be fulfilled by him.

- Terms of agreement – the agreement will continue until the Group either gives 12 months' notice or the Managing Director (CEO) gives 3 months' notice, or immediately if serious misconduct is committed by the executive.

- Remuneration and Benefits – a base salary of $225,000 per annum, which includes statutory contributions. In addition, the Managing Director (CEO) will be provided with a fully maintained motor vehicle and life and income protection insurance, and his attendance at agreed professional development courses is paid by the Group.

Remuneration consultant
No remuneration consultants provided services during the year.

Directors' and executive officers' remuneration - audited

Details of the nature and amount of each major element of the compensation of each of the directors and key management personnel of the Company and the Group are shown below:

Name		Short-term employee benefits		Post employment benefits	Other Long term benefits	Share based payments	Total	% of remuneration performance based	Value of options as % of remuneration
		Cash salary and fees $	Non-Monetary benefits $	Super-annuation $		Options $	$		%
Non-Executive Directors									
Philip Lucas	2012	22,917	1,298	-	-	-	24,215	-	-
	2011	25,000	-	-	-	-	25,000	-	-
Stanley Macdonald	2012	22,917	1,298	1,238	-	-	25,453	-	-
	2011	25,000	-	2,250	-	-	27,250	-	-
Sub-total Non-Executive Directors' remuneration	2012	45,834	2,596	1,238	-	-	49,668	-	-
	2011	50,000	-	2,250	-	-	52,250	-	-
Executive Directors									
Stephen Mann	2012	208,888	47,495	18,578	2,363	-	277,324	-	-
	2011	223,052	42,055	18,578	3,750	-	287,435	-	-
Total current Directors' remuneration	2012	254,722	50,091	19,816	2,363	-	326,992	-	-
	2011	273,052	42,055	20,828	3,750	-	339,685	-	-
Former Directors									
Walter Berukoff [1]	2012	19,750	1,035	-	-	-	20,785	-	-
	2011	25,000	-	-	-	-	25,000	-	-
Total directors' remuneration	**2012**	**274,472**	**51,126**	**19,816**	**2,363**	**-**	**347,777**	**-**	**-**
	2011	**298,052**	**42,055**	**20,828**	**3,750**	**-**	**364,685**	**-**	**-**

(1) Resigned 17 April 2012

Directors' and executive officers' remuneration - audited (continued)

Analysis of bonuses included in remuneration - audited

No short-term incentive cash bonuses have been awarded as remuneration to Directors of the Group or to Group Executives.

Equity instruments – audited

All options refer to options over ordinary shares of Avocet Resources Limited, which are exercisable on a one-for-one basis.

Options and rights over equity instruments granted as compensation – audited
No options were granted during the reporting period.

Analysis of movements in options - audited
No options were granted, exercised, lapsed or cancelled during the year to key management personnel.

Exercise of options granted as compensation – audited
During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

This is the end of the Remuneration Report – Audited.

5. PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year has been uranium, iron ore and gold/silver exploration.

There was no significant change in the nature of the activity of the Group during the year.

6. OPERATING AND FINANCIAL REVIEW

Overview

In the continued search for uranium the Company has identified significant mineralisation in a number of other commodities, particularly precious and base metals and iron ore.

The Group has continued its exploration efforts in Western Australia, Queensland and South Australia, and has commenced exploration on its quality projects in Argentina, targeting uranium and gold/silver mineralization.

The Group intends to maintain its focused exploration programmes across its portfolio, including the acquisition of exploration and possible development projects both within Australia and offshore. The Company's projects were chosen as having the potential to return long term value to the Company. The Company has continued its high quality, cost effective exploration activities whilst reviewing opportunities for other commodities if and when they present themselves.

Financial Results

The loss for the financial year ended 30 June 2012 attributable to members of Avocet Resources Limited after income tax was $2,258,889 (2011: profit of $4,102,485).

Shareholder returns	2012 $	2011 $	2010 $	2009 $	2008 $
(Loss) / profit attributable to equity holders	(2,258,889)	4,102,485	(977,911)	(1,338,734)	(1,959,166)
Basic profit (loss) per share	(0.021)	0.039	(0.009)	(0.017)	(0.021)
Change in share price (from initial listing of 20 cents)	(0.16)	(0.10)	(0.12)	(0.08)	Nil

No dividends were paid during the financial year ended 30 June 2012 and no dividend is recommended for the current year.

Review of Financial Condition

During the year the net assets of the Group reduced by $2,258,889 from $12,555,362 at 30 June 2011 to $10,296,473 at 30 June 2012.

The Directors consider that the Group holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2012 of $5,611,196 (2011: $6,640,472).

The Directors believe that the Group has sufficient working capital to meet its exploration objectives for the following year, with net current assets at 30 June 2012 of $4,626,625 (2011: $6,029,805).

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group during the year.

7. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and/or unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

8. LIKELY DEVELOPMENTS

The Group will continue to pursue its policy of quality exploration, evaluation of resources, and if appropriate, development of its projects.

9. ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in relation to its exploration activities and aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any significant breaches during the period covered by this report.

10. INSURANCE PREMIUMS

During the financial year, Avocet Resources Limited paid a premium of $14,147 (2011: $25,369) to insure the Directors and the Group Secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers of the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

11. DIRECTORS' INTERESTS

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the Group, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options over ordinary shares
Stephen Mann	760,304 (1)	-
Stanley Macdonald	2,743,276 (2)	-
Philip Lucas	290,000 (3)	-

[1] Held indirectly
[2] 1,006,211 held indirectly
[3] 40,000 held indirectly

12. SHARE OPTIONS

Options granted to directors of the Group

During or since the end of the financial year, the Group has not granted options over unissued ordinary shares in the Company.

The options tabled below were provided at no cost to the recipients. All options expire on the earlier of their expiry date or termination of the individual's employment in accordance with the Group's Employee Share Option Plan rules.

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price cents	Number of Shares
18-November-13	25	500,000
Total		500,000

No option holder has any right under the options to participate in any other share issue of the Group.

Shares issued on exercise of options

During or since the end of the financial year, no directors or key executives exercised their options.

13. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

14. AUDIT AND NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (KPMG) for audit and non-audit services provided during the year are set out below.

14. AUDIT AND NON-AUDIT SERVICES (continued)

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board acting as the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit services provided during the year are set out below:

	2012 $	2011 $
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	43,318	32,493
	43,318	32,493

No non-audit services were provided by KPMG during the year.

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is included in the Directors' Report.

Signed in accordance with a resolution of Directors.

STEPHEN T MANN

Managing Director

Dated at Perth, Western Australia this 26th day of September 2012.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Avocet Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

26 September 2012

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Avocet Resources Limited (the Board) is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Avocet Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the Australia Securities Exchange (ASX) Corporate Governance Council June 2010 amendments to the *August 2007 "Corporate Governance Principles and Recommendations (Second Edition)" ("the Recommendations")*, unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Group makes the following disclosures in relation to each of the Recommendations. A checklist, cross referencing the ASX Principles to the relevant section of this Statement, the Remuneration Report or Financial Report, follows these disclosures.

1. BOARD OF DIRECTORS

(a) Role of the Board

The primary role of the Board is to oversee and approve the Group's strategic direction, to oversee the Group's management and business activities and to report to shareholders. The roles and responsibilities of the Board are formalised in written policies. All documents can be accessed on the Company's website at www.avocetresources.com.au under the Corporate Governance section.

The Board evaluates these policies on an ongoing basis.

In addition to matters required by law to be approved by the Board, the responsibilities include, but are not limited to:

- supervising the Group's framework of control and accountability systems to enable risk to be assessed and managed;
- ensuring the Group is properly managed, for example by:
  - appointing and, where appropriate, removing any Managing Director, Chief Executive Officer (or equivalent) of the Group;
  - ratifying the appointment and, where appropriate, the removal of any Chief Financial Officer and the Group Secretary;
  - formulating short term and long term strategies to enable the Group to achieve its objectives and ensuring that the Group has the resources to meet its strategic objectives;
  - input into and final approval of management's development of corporate strategy and performance objectives;
  - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
  - monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available; and
  - establishing, monitoring and determining the powers and duties of any and all of the Group's committee's;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- approving the annual budget;
- monitoring the financial performance of the Group;
- approving and monitoring financial and other reporting;
- providing overall corporate governance of the Group, including conducting regular reviews of the balance of responsibilities within the Group to ensure division of functions remain appropriate to the needs of the Group;

1. BOARD OF DIRECTORS (continued)

(a) Role of the Board (continued)

- appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next AGM of the Group;
- liaising with the Group's external auditors;
- monitoring and ensuring compliance with all of the Group's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage; and
- occupational health and safety.

Responsibility for management of Avocet Resource Limited's day to day business activities is delegated to the Managing Director who is accountable to the Board.

The Managing Director (CEO) is responsible for:

- managing all exploration activity including the selection of area to be subject to exploration, determining the nature, type and extent of exploration activity;
- ensuring that tenements are maintained in good standing with applicable State Authorities;
- reporting to the Board on exploration activity;
- reporting to the Board on financial activity;
- Preparation of the exploration budget; and
- Periodical high-level review of key controls to ensure that they are operating as required / designed.

(b) Board composition and expertise

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;
- Where possible, the Board is to comprise a majority of non-executive directors who are considered by the Board to be independent;
- Directors may bring characteristics which allow a mix of qualifications, skill and experience;
- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group, and directors with an external or fresh perspective; and
- The size of the Board is conducive to effective discussion and efficient decision-making.

The Board reviews its composition on an annual basis to ensure that it has the appropriate mix of expertise and experience to adequately discharge its responsibilities and duties. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.

Details of members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' Report under the heading "Information on Directors". There are two non-executive Directors who are deemed independent under the principles set out below, at the date of signing the Directors' Report.

(c) Retirement and re-election of directors

The Group's Constitution specifies that any Director other than the Managing Director (CEO) must retire from office no later than the third annual general meeting (AGM) following their last election.

1. **BOARD OF DIRECTORS (continued)**

(d) Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to the role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives.

The Chairman's responsibilities are set out in the Board Charter, which is available from the Company's website at www.avocetresources.com.au under the Corporate Governance section.

Following the resignation of Walter Berukoff on 17 April 2012, the board has not had an elected Chairman.

(e) Independence of directors

The Board has adopted the specific principles in relation to Directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not be a substantial shareholder of the Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- within the last three years, not have been employed in an executive capacity by the Group or been a director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional advisor or a material consultant to the Group or an employee materially associated with the service provided;
- not be a material supplier or customer of the Group, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- must have no material contractual relationship with the Group, other than as a director of the Group;
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group; and
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group.

Each Director has the right to seek independent advice at the Group's expense, however prior approval by the Chairman is required, which will not be unreasonably withheld.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 10% of the current year operating result of the Group or 10% of the pro forma net assets is considered material for these purposes. In addition, the Group applies materiality based on qualitative assessments including if matters impact on the reputation of the Group and if they involve a related party.

There are two independent, non-executive directors, one of whom is the Chairman of the Board, at the date of signing the Directors' Report, as outlined in the Directors' Report under the heading "Information on Directors".

(f) Director education

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge.

(g) Independent professional advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior approval of the Chairperson, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

1. BOARD OF DIRECTORS (continued)

(h) Board Performance Review

There is no formal appraisal system in place for Board performance on a director by director basis. The performance of all directors is assessed through review by the Board as a whole of a director's attendance at, and involvement in, Board meetings, his performance and other matters identified by the Board or other directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a director's performance.

The Company has not conducted a performance evaluation of the members of the Board during the reporting period. However, the Board conducts a review of the performance of the Company against budgeted targets on an ongoing basis.

(i) Conflict of Interest

Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

(j) Directors' remuneration

Details of the Company's remuneration policies are included in the "Remuneration Report" section of the Directors' Report.

2. BOARD COMMITTEES

(a) Board committees and membership

The Board currently has two standing committees to assist in the discharge of its responsibilities. These are the:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

To facilitate the execution of its responsibilities, the Board's Committees provide a forum for a more detailed analysis of key issues. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees. Current membership of the committees' of the Avocet Resources Limited Board, are set out below:

(b) Audit and Risk Management Committee

The audit and risk management committee consists of all non-executive directors. The role of the audit and risk management committee is documented in a Charter which is approved by the Board of Directors. The Chairman may not be the Chairman of the Board. The role of the committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

2. BOARD COMMITTEES (continued)

(b) Audit and Risk Management Committee (continued)

The members of the audit and risk management committee for the Company at the date of this report were:

- Mr Philip Lucas – non-executive Chairman;
- Mr Stan A Macdonald – non-executive Director

Due to the small size of the Group, the Board was of the opinion that it could not justify the expense of appointing a new director to chair the Audit and Risk Management Committee. Following the resignation of Walter Berukoff on 17 April 2012, the Company currently does not have a chairman.

The external auditors and the managing director are invited to audit and risk management committee meetings at the discretion of the committee. The committee met twice during the year and committee members' attendance record is disclosed in the table of directors' meetings.

The external auditor met with the audit committee and the Board of directors twice during the year.

The responsibilities of the audit and risk management committee include:

- to review the financial report and other financial information distributed externally;
- to monitor corporate risk assessment processes;
- to review any new accounting policies ensuring compliance with Australian Accounting Standards and generally accepted accounting principles;
- to review audit reports ensuring that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- to review the nomination and performance of the auditor;
- to liaise with the external auditors ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- to monitor the establishment of an appropriate internal control framework and consider enhancements;
- to monitor the establishment of appropriate ethical standards;
- to monitor the procedures in place ensuring compliance with the Corporations Act 2001, the Australian Securities Exchange Listing Rules and all other regulatory requirements;
- to address any matters outstanding with auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the Australian Securities Exchange and other financial institutions; and
- to improve the quality of the accounting function.

The audit and risk management committee reviews the performance of the external auditors on an annual basis and meets with them during the year.

(c) Remuneration and Nomination Committee

The remuneration and nomination committee consists of all non-executive directors and one executive director.

- Mr Philip A Lucas – independent non-executive Director;
- Mr Stan A Macdonald – non-executive director;

The remuneration and nomination committee currently does not have a chairman following the resignation of Walter Berukoff on 17 April 2012.

2. BOARD COMMITTEES (continued)

(c) Remuneration and Nomination Committee (continued)

Details of directors' attendance at remuneration and nomination committee meetings are set out in the directors' report.

The remuneration and nomination committee operates in accordance with its Charter. The main responsibilities of the committee are:

- to review the size and composition of the Board;
- to review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- to review and consider succession planning for the managing director, the chairman and other directors;
- to develop criteria and procedures for the identification of candidates for appointment as directors and apply the criteria and procedures to identify prospective candidates for appointment as a director and make recommendations to the Board;
- to make recommendations to the Board regarding any directors who should not continue in office;
- to nominate for approval by the Board external experts;
- to determine remuneration policies and remuneration of directors;
- to determine the Company recruitment, retention and termination policies and procedures for senior management;
- to determine and review incentive schemes;
- to determine and review superannuation arrangements of the Company; and
- to determine and review professional indemnity and liability insurance for directors.

From 1 July 2011, there is increased transparency and accountability in remuneration matters as required in the *Improving Accountability on Director and Executive Remuneration Bill 2011*. There are new rules for engaging remuneration consultants and on reporting specific information about remuneration consultants in the audited Remuneration Report in the Directors' Report. The Group's audited Remuneration Report will include these new reporting obligations.

Further details of remuneration arrangements in place for the directors and executives are set out in the Directors' Report.

3. MANAGING BUSINESS RISK

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility to the Board. The Group maintains policies and practices designed to identify and manage significant business risks, including:

- regular budgeting and financial reporting;
- procedures and controls to manage financial exposures and operational risks;
- the Company's business plan;
- corporate strategy guidelines and procedures to review and approve the Company's strategic plans; and
- insurance and risk management programmes which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Company's risk profile is reviewed annually. The Board may consult with the Company's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

(a) Internal controls

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the executive directors perform the following procedures:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

(b) CEO and CFO assurance on corporate reporting

The Board receives monthly management reports about the financial condition and operational results of the consolidated group. The Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) annually provide a formal statement, in accordance with section 295A of the Corporations Act, to the Board that in all material respects and to the best of their knowledge and belief:

- the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Company's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

(c) Environmental regulation

The Company has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2012..

4. ETHICAL STANDARDS

All directors and executives are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance and reputation of the Company and its controlled entities.

(a) Code of Conduct

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of directors and employees in the conduct of the Company's affairs. This Code is provided to all directors and employees. The Board monitors implementation of this Code. Unethical behaviour is to be reported to the Chairman as soon as practicable.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

The Group has advised each director, manager and employee that they must comply with the Group's Ethical Standards.

(b) Diversity Policy

The Company has recently established a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees' backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Remuneration and Nomination Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.

The key elements of the diversity policy are as follows:

- increased gender diversity throughout the Group when a position becomes available
- annual assessment of the board gender diversity objectives and performance against objectives by the board and nomination committee

Due to the size of the Company and there being no requirement to increase staff levels, there has been limited opportunity to implement the diversity policy in its entirety. As a result, the Company has not yet met its objectives. However, the Company outsources its corporate and accounting services to Broadway Management (WA) Pty Ltd where 75% of its employees are represented by female members. Should a Board position become vacant, the Company will endeavour to fill any new board appointment or key management personnel position with a suitably qualified female applicant.

Pursuant to *Recommendation 3.4* of the Recommendations, the Company discloses the following information as at the date of this report:

	Women	**Men**
Percentage of women and men employed within the Group	33.33%	66.67%
Percentage of women and men employed at the senior management level	0%	100%
Percentage of women and men employed at the Board level	0%	100%
Percentage of women and men employed by corporate services provider	75%	25%

The Diversity Policy can be accessed on the Company's website at www.avocetresources.com.au under the Corporate Governance section.

(c) Trading in Company securities by directors and employees

The Board has adopted a policy in relation to dealings in the securities of the Company which applies to all directors and employees. Under the policy, directors are prohibited from short term or "active" trading in the Company's securities and directors and employees are prohibited from dealing in the Company's securities whilst in possession of price sensitive information. The Chairman (or in his place the Managing Director) must also be notified of any proposed transaction.

This policy is provided to all directors and employees. Compliance with it is reviewed on an ongoing basis in accordance with the Company's risk management systems.

5. COMMUNICATION WITH SHAREHOLDERS

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders as follows:

- as the Company is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Company's continuous disclosure policy, including quarterly cash flow reports, half-year reviewed accounts, year-end audited accounts and an annual report;
- the Board ensures the annual report includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- shareholders are advised in writing of key issues affecting the Company;
- any proposed major changes in the Company's affairs are submitted to a vote of shareholders, as required by the Corporations Act 2001;
- the Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Company's strategies and goals. All shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Company; and
- the external auditor is required to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

Continuous Disclosure

The Company has in place a continuous disclosure policy, a copy of which is provided to all Company officers and employees who may from time to time be in the possession of undisclosed information that may be material to the price or value of the Company's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules and ensures officers and employees of the Company understand these obligations.

The procedure adopted by the Company is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who in consultation with the Board (where practicable) and any other appropriate personnel, will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once in every 12 month period, the Board will review the Company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

ASX PRINCIPLES COMPLIANCE STATEMENT

	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Reference	Compliance
	Principle 1 – Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	1a	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives	Remuneration report	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	1a, Remuneration report	Comply
	Principle 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors	1b, 1d	Comply
2.2	The chair should be an independent director	1d	Comply
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual	1d, Directors' report	Comply
2.4	The Board should establish a nomination committee	2c	Comply
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors	1g, 2a	Comply
2.6	Companies should provide the information indicated in the Guide to reporting Principle 2.	1b, 1f, 1g, 2a, Directors' report	Comply
	Principle 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the reasonability and accountability of individuals for reporting and investigating reports of unethical practices.	4a	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	4b	Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	4b	Comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	4b	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	4a, 4b, 4c, 4d	Comply

ASX PRINCIPLES COMPLIANCE STATEMENT (continued)

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations		Reference	Compliance
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee	2b	Comply
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	2b	Comply
	• consists of a majority of independent directors	2b	Comply
	• is chaired by an independent chair, who is not chair of the Board	2b	Comply
	• has at least three members	2b	Does not comply
4.3	The audit committee should have a formal charter	2a	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	2a, 2b, Directors' report	Comply
Principle 5 – Making timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	5, 5a	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	5a	Comply
Principle 6 – Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	5	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	5	Comply
Principle 7 – Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	2b, 3, 3a	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3, 3b	Comply
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that they system is operating effectively in all material respects in relation to financial reporting risks.	3b	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	2b, 3, 3a, 3b, Directors' report	Comply

ASX PRINCIPLES COMPLIANCE STATEMENT (continued)

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations		Reference	Compliance
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee	2a, 2c, Remuneration report	Comply
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	2c	Comply
	• is chaired by an independent chair	2c	Comply
	• has at least three members.	2c	Does not comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	2a, 2c, Remuneration report	Comply

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2012 $	2011 $
Assets			
Cash and cash equivalents	17a	4,649,733	5,986,731
Other receivables	15	155,960	328,299
Prepayments		42,680	29,037
Total current assets		4,848,373	6,344,067
Other receivables	15	47,461	46,460
Property, plant and equipment	13	52,260	56,271
Exploration and evaluation	14	5,611,196	6,640,472
Total non-current assets		5,710,917	6,743,203
Total assets		10,559,290	13,087,270
Liabilities			
Trade and other payables	22	161,077	203,318
Employee benefits	20	60,671	110,944
Total current liabilities		221,748	314,262
Trade and other payables	22	12,000	153,141
Employee benefits	20	29,069	52,808
Deferred tax liabilities	16	-	11,697
Total non-current liabilities		41,069	217,646
Total liabilities		262,817	531,908
Net assets		10,296,473	12,555,362
Equity			
Share capital		12,456,865	12,456,865
Reserves		37,500	169,816
Accumulated losses		(2,197,892)	(71,319)
Total equity attributable to equity holders of the Company		10,296,473	12,555,362

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Other income	7	124,414	131,614
Gain on sale of tenements		-	4,659,840
Administrative expenses	9	(675,685)	(643,947)
Exploration expenditure impaired	14	(1,762,792)	(109,257)
Other expenses	10	(242,335)	(134,835)
Results from operating activities		(2,556,398)	3,903,415
Finance income	11	285,938	245,920
Finance expense	11	(126)	-
Net finance income		285,812	245,920
Loss before income tax		(2,270,586)	4,149,335
Income tax benefit / (expense)	12	11,697	(46,850)
Loss from continuing operations		(2,258,889)	4,102,485
Loss for the period		(2,258,889)	4,102,485
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(2,258,889)	4,102,485
Loss attributable to owners of the Company		(2,258,889)	4,102,485
Total comprehensive loss attributable to owners of the Company		(2,258,889)	4,102,485
Loss per share			
Basic and diluted (cents per share)	19	(2.14)	3.89

The notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Attributable to equity holders of the Company			
		Share capital $	Equity-settled benefits reserve $	Accumulated losses $	Total $
Balance at 1 July 2011		12,456,865	169,816	(71,319)	12,555,362
Total comprehensive income for the year					
Loss for the year		-	-	(2,258,889)	(2,258,889)
Total other comprehensive income / (expense)		-	-	-	-
Total comprehensive income for the year		-	-	(2,258,889)	(2,258,889)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions		-	(132,316)	132,316	-
Total contributions by and distributions to owners		-	(132,316)	132,316	-
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		-	(132,316)	132,316	-
Balance at 30 June 2012		12,456,865	37,500	(2,197,892)	10,296,473

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Attributable to equity holders of the Company			
		Share capital $	Equity-settled benefits reserve $	Accumulated losses $	Total $
Balance at 1 July 2010		12,421,712	1,101,385	(5,105,373)	8,417,724
Total comprehensive income for the year					
Profit for the year		-	-	4,102,485	4,102,485
Total other comprehensive income / (expense)		-	-	-	-
Total comprehensive income for the year		-	-	4,102,485	4,102,485
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Cancellation of options		-	(931,569)	931,569	-
Tax benefit of share issue costs in prior years		35,153	-	-	35,153
Total contributions by and distributions to owners		35,153	(931,569)	931,569	35,153
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners		35,153	(931,569)	931,569	35,153
Balance at 30 June 2011		12,456,865	169,816	(71,319)	12,555,362

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash receipts from customers and other sources		118,571	144,776
Cash paid to suppliers and employees		(1,135,029)	(974,450)
Net cash used in operating activities	17(b)	(1,016,458)	(829,674)
Cash flows from investing activities			
Interest received		364,149	139,851
Proceeds from sale of tenement		-	6,200,000
Proceeds from sale of property, plant and equipment		1,363	-
Acquisition of property, plant and equipment		(16,751)	(8,858)
Payments for exploration, evaluation and development		(669,301)	(1,564,524)
Net cash (used in) / from investing activities		(320,540)	4,766,469
Cash flows from financing activities			
Net cash from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(1,336,998)	3,936,795
Cash and cash equivalents at 1 July		5,986,731	2,049,936
Cash and cash equivalents at 30 June	17(a)	4,649,733	5,986,731

The notes are an integral part of these financial statements.

1. REPORTING ENTITY

Avocet Resources Limited (the "Company"), previously known as U3O8 Limited, is a company domiciled in Australia. The address of the Company's registered office is Level 2, 55 Carrington Street, Nedlands, Perth, Western Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group Entities"). The Group primarily is involved in the mineral exploration industry in Australia.

At a general meeting held on 25 May 2012, the shareholders approved the change of name from U3O8 Limited to Avocet Resources Limited.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS's) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of the Directors on 26 September 2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except share-based payments which are measured at fair value.

(c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described as follows:

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

Estimates and assumptions

(i) Ore reserves

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The entity determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2004 edition (the JORC Code). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves impact the assessment of recoverability of exploration and evaluation assets and property, plant and equipment, the carrying amount of assets depreciated on a reducing balance basis, provisions for site restoration and the recognition of deferred tax assets, including tax losses where applicable. The carrying amounts of exploration and evaluation assets are set out in notes 13, 14 and 16.

(ii) Exploration and evaluation assets

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer note 3(d)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(d), a judgment is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 3(e). The carrying amounts of exploration and evaluation assets are set out in note 14.

(iii) Recognition of tax losses

In accordance with the Group's accounting policies for deferred taxes (refer note 3(i)), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively judgements about commodity prices, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets. The Group currently does not recognise deferred tax assets.

(iv) Impairment of assets

The recoverable amount of each non-financial asset is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policy note 3(p). Determination of the recoverable amount of an asset based on a discounted cash flow model, requires the use of estimates and assumptions, including: the appropriate rate at which to discount the cash flows, the timing of the cash flow and the expected life of the relevant area of interest, exchange rates, commodity prices, ore reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the assets, and accordingly could result in an adjustment to the carrying amount of that asset. The carrying amount of such assets is set out in notes 13 and 14.

(v) Share-based payments

As set out in note 21, share-based payments have been calculated at fair value using the Black & Scholes method and have been recognised as either an employee or professional expense, according to its nature.

2. BASIS OF PREPARATION (continued)

(e) Changes in accounting policies

Reclassification of transactions recorded in the consolidated statement of comprehensive income
In prior reporting periods individual expense categories have been reported on the face of the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(f), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) *Subsidiaries*
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(ii) Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Financial instruments

(i) Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and other receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(h).

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" and "other expenses" in profit or loss.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

	2012	2011
Plant and equipment	10% - 33%	10% - 33%
Motor vehicles	25%	25%
Fixtures and fittings	10%	10%
Computer equipment	33%	33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Exploration and evaluation

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation (continued)

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

(a) The rights to tenure of the area of interest are current; and

(b) At least one of the following conditions is also met:

(i) The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and

(ii) Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets, only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- Piping and pumps;
- Tanks; and
- Exploration vehicles and drilling equipment.

Assets that are classified as intangible include:

- Drilling rights;
- Acquired rights to explore;
- Exploratory drilling costs; and
- Trenching and sampling costs.

Borrowing costs incurred in connection with the financing of exploration and evaluation activities are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to being classified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation (continued)

Impairment testing of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy note 3(e)(ii).

(e) Impairment

(i) Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events has had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(f) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the options granted is measured using the Black & Scholes formula, taking into account, the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(iii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at discounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date.

(iv) Long service leave

The provision for employee benefits to long service leave is the amount of future benefit that employees have earned in return for their services in the current and prior periods. The provision is calculated using current future increases in wage and salary rates

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the true value of money and the risks specific to the liability.

Site Restoration
In accordance with the Group's published environment policy and applicable legal requirements, a provision for site restoration in respect of contaminated and disturbed land, and the related expense, is recognised when the land is contaminated or disturbed.

(h) Finance income and finance costs

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(i) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation
The Company and its wholly-owned Australian resident entity are not a consolidated group for tax purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

(l) Segment reporting

Determination and presentation of operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

(n) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue from services rendered is recognised in the consolidated statement of comprehensive income in proportion to services provided.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Other income

Other income is recognised when the amount can be reliably measured and control of the right to receive the income has passed to the Group.

(p) Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(q) Trade and other payables

Trade and other payables are stated at their amortised costs. Trade payables are non-interest bearing and are normally settled on a 60 day term.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Share-based payment transactions

The fair value of stock options is based on market value, if available. If market value is not available, then the fair value of stock options is measured using the Black and Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

5. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Cash and cash equivalents
The Group limits its exposure to credit risk by only depositing with authorised banking institutions and only with counterparties that have an acceptable credit rating.

Trade and other receivables
As the Group operates primarily in exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Management does not expect any counterparty to fail to meet its future obligations and therefore the Group has not established an allowance for impairment that represents their estimate of incurred losses in respect of intercompany loans and receivables and investments.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to currency or any other market risk with the exception of interest rate risk as detailed below.

Interest rate risk

The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure (see note 23(d) for sensitivity analysis).

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year.

The Group entities are not subject to externally imposed capital requirements.

6. OPERATING SEGMENTS

Information about reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in one operating segment being mineral exploration.

Reportable segments disclosed are based on aggregating tenements where the evaluation and exploration interests are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral; and
- exploration programs targeting the tenements as a group, indicated by the use of the same exploration team shared geological data and knowledge across the tenements.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating tenements, are determined in accordance with AASB 8 *Operating Segments*.

Reconciliation of reportable segment loss, assets and liabilities and other material items

	2012 $	2011 $
Profit / (loss) before income tax		
Total (loss) / profit for reportable segment	(1,866,728)	4,526,870
Unallocated amounts: other corporate expenses	(689,670)	(623,455)
Finance income	285,938	245,920
Finance expense (including foreign currency translation)	(126)	-
	(2,270,586)	4,149,335
Assets		
Total assets for reportable segment	5,622,757	6,654,158
Other assets	4,936,533	6,428,112
	10,559,290	13,087,270
Liabilities		
Total liabilities for reportable segment	(66,815)	(261,769)
Other liabilities	(196,002)	(270,139)
	(262,817)	(531,908)

6. OPERATING SEGMENTS (continued)

Reconciliation of reportable segment loss, assets and liabilities and other material items (continued)

	Reportable segment totals $	Adjustments $	Consolidated totals $
Other material items 2012			
Capitalised exploration and evaluation expenditure - additions	808,516	-	808,516
Impairment of exploration and evaluation	(1,762,792)	-	(1,762,792)
Other material items 2011			
Capitalised exploration and evaluation expenditure - additions	1,564,523	-	1,564,523
Capitalised exploration and evaluation expenditure - disposals	(1,540,160)	-	(1,540,160)
Impairment of exploration and evaluation	(109,257)	-	(109,257)

Geographical information

The Group operates in two principal geographical areas – Australia and Argentina. The Group's information about its non-current assets by geographical location are detailed below:

	Non-current assets 2012 $	2011 $
Geographical information		
Australia	5,710,917	6,743,203
Argentina	-	-
	5,710,917	6,743,203

7. OTHER INCOME

Management fee	124,414	120,000
Other income	-	11,614
	124,414	131,614

8. PERSONNEL EXPENSES

	Note	2012 $	2011 $
Wages and salaries (staff)		120,052	98,706
Directors remuneration		434,363	719,699
Contributions to defined contribution plans (staff)		15,471	9,356
Decrease in liability for annual leave (staff)		(7,780)	-
Increase in liability for long service leave (staff)		2,478	-
Other associated personnel expenses		16,447	36,427
		581,031	864,188
Capitalised to exploration and evaluation		196,521	442,387
Expensed in administrative expenses	9	384,510	421,801
		581,031	864,188

9. ADMINISTRATIVE EXPENSES

Personnel expenses	8	384,510	421,801
Advertising and publicity		14,594	7,342
Communication and information services		38,336	10,582
Office administration		196,040	161,928
Bank charges		1,602	2,259
Share registry and statutory fees		40,603	40,035
		675,685	643,947

10. OTHER EXPENSES

Professional fees		203,722	75,040
Depreciation and amortisation	13	19,153	20,981
Travelling expenses		13,928	73
Motor vehicle expenses		5,296	8,318
Other expenses		-	30,423
(Gain) / loss on disposal of property, plant and equipment		236	-
		242,335	134,835

11. FINANCE INCOME AND EXPENSE

	Note	2012 $	2011 $
Interest income on bank deposits		285,938	245,920
Finance income		285,938	245,920
Net foreign exchange loss		(126)	-
Finance expense		(126)	-
Net finance income recognised in profit or loss		285,812	245,920
The above finance income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:			
Total interest income on financial assets		285,938	245,920

12. INCOME TAX EXPENSE

Current tax benefit		
Current period	-	-
	-	-
Deferred tax benefit		
Origination and reversal of temporary differences	(11,697)	46,850
Total income tax (benefit) / expense	(11,697)	46,850

12. INCOME TAX EXPENSE (continued)

Numerical reconciliation between tax expense and pre-tax accounting loss

	2012 $	2011 $
(Loss) / profit for the period	(2,258,889)	4,102,485
Total income tax (benefit) / expense	(11,697)	46,850
(Loss) / profit excluding income tax	(2,270,586)	4,149,336
Income tax using the Company's domestic tax rate of 30% (2011: 30%)	(681,175)	1,244,801
Non-deductible expenses	162	-
Overs and unders	(11,079)	-
Foreign exploration expenditure	37,499	-
Tax losses not brought to account	642,896	-
Tax losses recognised not previously brought to account	-	(1,197,951)
Income tax (benefit) / expense	(11,697)	46,850
Deferred tax benefit recognised directly in equity		
Net deferred tax (credited to equity)	-	(35,153)
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,142,987	-
Potential tax benefit at 30% (2011: 30%)	642,896	-

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits of $642,896 (2011: $nil) attributable to tax losses have not been brought to account because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

ii) the conditions for deductibility imposed by tax legislation continue to be complied with;

iii) no changes in tax legislation adversely affect the Company in realising the benefit; and

iv) satisfaction of either the continuity of ownership or the same business test.

13. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings $	Office and computer equipment $	Motor vehicles $	Field equipment $	Total $
Gross carrying amount					
Balance at 1 July 2010	4,541	40,804	82,628	55,423	183,396
Additions	443	4,056	-	4,359	8,858
Balance at 30 June 2011	4,984	44,860	82,628	59,782	192,254
Balance at 1 July 2011	4,984	44,860	82,628	59,782	192,254
Additions	1,168	15,573	-	-	16,741
Disposals	-	(4,702)	-	(12,277)	(16,979)
Balance at 30 June 2012	6,152	55,731	82,628	47,505	192,016
Depreciation and impairment losses					
Balance at 1 July 2010	1,269	27,347	52,626	33,760	115,002
Depreciation for the year	380	5,764	7,500	7,337	20,981
Balance at 30 June 2011	1,649	33,111	60,126	41,097	135,983
Balance at 1 July 2011	1,649	33,111	60,126	41,097	135,983
Depreciation for the year	349	6,761	5,626	6,417	19,153
Disposals	-	(3,810)	-	(11,570)	(15,380)
Balance at 30 June 2012	1,998	36,062	65,752	35,944	139,756
Carrying amounts					
Balance at 30 June 2011	3,335	11,749	22,502	18,685	56,271
Balance at 30 June 2012	4,154	19,669	16,876	11,561	52,260

14. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2012 $	2011 $
Costs carried forward in respect of areas of interest:		
Exploration and evaluation expenditure	5,611,196	6,640,472
Movements for the period:		
Exploration and evaluation expenditure		
Opening balance	6,640,472	6,725,366
Additions	808,516	1,687,251
Government grants	(25,000)	(77,273)
Joint venture farm-out receipts	(50,000)	(45,455)
Impairment	(1,762,792)	(109,257)
Exploration assets sold	-	(1,540,160)
	5,611,196	6,640,472

Exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence of otherwise of economically recoverable reserves.

The ultimate recovery of exploration and evaluation phase expenditure is primarily dependent upon the successful development and commercial exploitation, or alternatively, sale of the areas of interest.

Impairment represents mainly the relinquishment of areas of interest.

15. OTHER RECEIVABLES

	2012 $	2011 $
Bank interest income	16,285	94,495
Other receivables	144,483	120,674
Deposits and bonds (non-current)	47,461	46,460
GST (payable) / receivable	(4,808)	113,130
	203,421	374,759
Current	155,960	328,299
Non-current	47,461	46,460
	203,421	374,759

16. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$
Capital raising costs	(6,942)	(15,319)	-	-	(6,942)	(15,319)
Other receivables	-	-	4,886	28,349	4,886	28,349
Property, plant and equipment	-	-	1,564	3,700	1,564	3,700
Exploration and evaluation expenditure	-	-	1,034,456	1,307,398	1,034,456	1,307,398
Other creditors	(12,492)	(7,433)	-	-	(12,492)	(7,433)
Prepayments	-	-	6,110	7,629	6,110	7,629
Provisions	(25,847)	(46,867)	-	-	(25,847)	(46,867)
Carry forward tax losses	(1,001,735)	(1,265,760)	-	-	(1,001,735)	(1,265,760)
Tax (assets) / liabilities	(1,047,016)	(1,335,379)	1,047,016	1,347,076	-	11,697
Set-off tax	1,047,016	1,335,379	(1,047,016)	(1,335,379)	-	-
Net tax (assets) / liabilities	-	-	-	11,697	-	11,697

17. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

	2012 $	2011 $
Cash at bank and on hand	606,122	382,983
Deposits at call	114	164
Funds on term deposit	4,043,497	5,603,584
Cash and cash equivalents in the statement of cash flows	4,649,733	5,986,731

The perceived credit risk is low as cash and cash equivalents are with authorised deposit taking institutions.

(b) Reconciliation of cash flows from operating activities

	Note	2012 $	2011 $
Cash flows from operating activities			
(Loss) / profit for the period		(2,258,889)	4,102,485
Adjustments for:			
Depreciation	13	19,153	20,981
Gain on sale of tenement		-	(4,659,840)
Finance income	11	(285,938)	(139,851)
Exploration and evaluation expenditure impaired	14	1,762,792	109,257
Other	10	236	-
Income tax (benefit) / expense		(11,697)	46,850
		(774,343)	(520,118)
Change in other receivables		88,320	(181,091)
Change in trade and other payables		(242,779)	(219,865)
Change in prepayments		(13,644)	(868)
Change in employee benefits provisions		(74,012)	92,267
		(1,016,458)	(829,674)
Interest paid	11	-	-
Income taxes paid	12	-	-
Net cash used in operating activities		(1,016,458)	(829,674)

18. CAPITAL AND RESERVES

(a) Share capital

	Ordinary shares	
	2012	2011
	Number	Number
On issue at 1 July	**105,513,653**	**105,513,653**
On issue at 30 June	**105,513,653**	**105,513,653**

(b) Issuance of ordinary shares

No shares were issued during the year.

All issued shares are fully paid.

(c) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new shares issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

The Company has also issued share options (see note 21).

(d) Reserves

Equity-based benefits reserve

The equity-based benefits reserve represents the cost of options that have been granted as share-based payments but not exercised. This reserve will be transferred to capital should these options be exercised or reversed through profit and loss should certain vesting conditions not be met.

During the year, 350,000 options were cancelled following the resignation of employees and key management personnel. The grant date fair value of $132,316 (2011: $931,569) was transferred to retained earnings from the equity-settled benefits reserve.

19. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $2,258,889 (2011: profit of $4,102,485) and a weighted average number of ordinary shares outstanding of 105,513,653 (2011: 105,513,653) calculated as follows:

Loss attributable to ordinary shareholders

	2012 $	2011 $
(Loss) / profit for the period	(2,258,889)	4,102,485

Weighted average number of ordinary shares (basic)

	2012 Number	2011 Number
Issued ordinary shares at 1 July	105,513,653	105,513,653
Effect of shares issued during the period	-	-
	105,513,653	105,513,653

(b) Diluted loss per share

The calculation of diluted loss per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $2,258,889 (2011: profit of $4,102,485) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 105,513,653 (2011: 105,513,653) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2012 Number	2011 Number
Weighted average number of ordinary shares (basic)	105,513,653	105,513,653
Effect of share options on issue	-	-
	105,513,653	105,513,653

At 30 June 2012, 500,000 options (2011: 850,000 options) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

20. EMPLOYEE BENEFITS

	2012	2011
	$	$
Current		
Liability for annual leave	57,088	103,416
Liability for superannuation	3,583	7,528
Liability for long service leave	29,069	52,808
	89,740	163,752
Current	60,671	110,944
Non-current	29,069	52,808
	89,740	163,752

21. SHARE-BASED PAYMENT PLANS

(a) Description of the share-based payment arrangements

At 30 June 2012 the Group has the following share-based payment arrangements.

Equity-settled share option programme

The establishment of Avocet Resources Limited's Employee Option Plan was approved by directors' resolution dated 27 April 2006, as outlined in the Group's prospectus. The board may offer free options to persons ("Eligible Persons") who are:

- full time or part time employees (including a person engaged by the Group under a consultancy agreement); or
- directors' of the Group based on a number of criteria including contribution to the Group, period of employment, potential contribution to the Group in the future and other factors the board considers relevant.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is converted into one ordinary share within fourteen days after the receipt of a properly executed notice of exercise and application monies. The Group will issue to the option holder, the number of shares specified in that notice. The Group will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options.

Options may not be transferred other than to an associate of the holder.

The fair value of services received for share options granted is based on the fair value of options granted, measured using the Black-Scholes formula.

21. SHARE-BASED PAYMENT PLANS (continued)

(b) Terms and conditions of share-option programme

The terms and conditions relating to the grant of existing share options are as follows:

Tranche	Grant date	Number of instruments	Vesting conditions	Contractual life of options
1	18 November 2008	500,000	Vested upon granting	5 years
		500,000		

(c) Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of Options 2011
Outstanding at 1 July	33.0 cents	850,000	39.0cents	3,350,000
Cancelled during the period	43.7 cents	(350,000)	Various	(2,500,000)
Outstanding at 30 June	25.0 cents	500,000	33.0cents	850,000
Exercisable at 30 June	25.0 cents	500,000	33.0cents	850,000

The options outstanding at 30 June 2012 have an exercise price of 25 cents (2011: between 21 and 70 cents) and a weighted average contractual life of 1.39 years (2011: 1.7 years).

No options were granted or exercised during the year (2011: no options granted or exercised).

(d) Inputs for measurement of grant date fair values

The fair value of services received in return for share options granted was based on the fair value of share options on the date granted, measured using the Black Scholes options pricing model. The model inputs were the exercise price, the terms of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The expected price volatility was estimated by considering historic average share price volatility, if available, (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information and volatility within the mining industry.

No options were issued in the current or prior year.

22. TRADE AND OTHER PAYABLES

	2012 $	2011 $
Current		
Trade payables	104,979	187,392
Non-trade payables and accrued expenses	68,098	169,067
	173,077	356,459
Current	161,077	203,318
Non-current	12,000	153,141
	173,077	356,459

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 23.

23. FINANCIAL INSTRUMENTS

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2012 $	2011 $
Other receivables	203,421	374,759
Cash and cash equivalents	4,649,733	5,986,731
	4,853,154	6,361,490

None of the Group's receivables are past due.

23. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount $	Contractual cash flows $	6 months or less $
30 June 2012			
Non-derivative financial liabilities			
Trade and other payables	173,077	173,077	173,077
	173,077	173,077	173,077
30 June 2011			
Non-derivative financial liabilities			
Trade and other payables	356,459	356,459	356,459
	356,459	356,459	356,459

(c) Foreign currency risk management

The Group is exposed to currency risks on expenses that are denominated in a currency other than the respective functional currencies of Group entities, which is primarily the Australian dollar (AUD). The currencies in which these transactions will primarily be denominated are AUD and USD. The Group's exposure to foreign currency risk during the current and prior year was minimal and has therefore not been reported.

(d) Interest rate risk

Profile
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amount	
	2012 $	**2011** $
Variable rate instruments		
Financial assets	4,649,733	5,986,731
	4,649,733	5,986,731

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

23. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss	
	100 bp increase	100 bp decrease
	$	$
30 June 2012		
Variable rate instruments	46,478	(46,478)
Cash flow sensitivity	46,478	(46,478)
30 June 2011		
Variable rate instruments	3,830	(3,830)
Cash flow sensitivity	3,830	(3,830)

At the reporting date the Group did not hold any variable rate financial liabilities.

(e) Fair values of financial assets and liabilities

The fair values of the financial assets and liabilities at balance date of the Group approximate the carrying amounts in the financial statements.

24. COMMITMENTS

	2012	2011
	$	$
Lease of office premises and storage shed		
Less than one year	85,500	124,760
Between one and five years	-	141,000
	85,500	265,760
Mineral exploration		
Not later than one year	1,172,000	537,239

25. CONTINGENCIES

The Group has no contingent assets or liabilities.

26. RELATED PARTIES

(a) Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 8) is as follows:

	2012 $	2011 $
Short term employee benefits	274,472	600,044
Non-monetary benefits	51,126	42,055
Post-employment benefits	19,816	68,207
Long-term benefits	2,363	9,393
	347,777	719,699

(b) Individual directors and executives compensation

Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Key management personnel and director transactions

A number of key management personnel and directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

One of these entities (as detailed below) transacted with the Group in the reporting period. The terms and conditions of the transaction with key management personnel and their related parties were no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to and entities over which key management personnel have control or significant influence were as follows:

		Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2012 $	2011 $	2012 $	2011 $
Key management person	*Transaction*				
Philip Lucas	Legal fees	51,208	36,962	6,895	-
Total and current liabilities				6,895	-

The Company paid legal fees to Allion Legal, a company associated with Mr Lucas.

26. RELATED PARTIES (continued)

(d) Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Avocet Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2011	Granted as com-pensation	Exercised	* Other changes	** Held at 30 June 2012	Vested during the year	Vested and Exercisable At 30 June 2012
Directors							
Philip Lucas	-	-	-	-	-	-	-
Stephen Mann	-	-	-	-	-	-	-
Stan Macdonald	-	-	-	-	-	-	-
Walter Berukoff (1)	500,000	-	-	-	500,000	-	500,000

	Held at 1 July 2010	Granted as com-pensation	Exercised	* Other changes	Held at 30 June 2011	Vested during the year	Vested and Exercisable At 30 June 2011
Directors							
Philip Lucas	-	-	-	-	-	-	-
Stephen Mann	2,500,000	-	-	(2,500,000)	-	-	-
Stan Macdonald	-	-	-	-	-	-	-
Walter Berukoff (1)	500,000	-	-	-	500,000	-	500,000

* Other changes represent options that were cancelled;
** Or on date of resignation;
(1) Resigned 17 April 2012

26. RELATED PARTIES (continued)

(e) Movements in shares

The movement during the reporting period in the number of ordinary shares in Avocet Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	* Held at 1 July 2011	Purchases	Received on exercise of options	Sales	** Held at 30 June 2012
Directors					
Philip Lucas	290,000	-	-	-	290,000
Stephen Mann	760,304	-	-	-	760,304
Stan Macdonald	2,743,276	-	-	-	2,743,276
Walter Berukoff (1)	-	-	-	-	-

	Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Held at 30 June 20110
Directors					
Philip Lucas	290,000	-	-	-	290,000
Stephen Mann	760,304	-	-	-	760,304
Stan Macdonald	2,743,276	-	-	-	2,743,276
Walter Berukoff	-	-	-	-	-
Senior Executives					
Andrew Bisset (2)	40,000	-	-	-	40,000

* Or on date of appointment;
** Or on date of resignation;
(1) Resigned 17 April 2012
(2) Resigned 30 November 2011

No shares were granted to key management personnel during the reporting period as compensation in 2011 or 2012.

26. RELATED PARTIES (continued)

(f) Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 8.

27. GROUP ENTITIES

Name	Place of incorporation	Financial Year end	2012 %	2011 %
Parent entity				
Avocet Resources Limited	Australia	30 June		
Subsidiary				
Piche Resources Pty Ltd	Australia	30 June	100	100

28. AUDITORS' REMUNERATION

	2012 $	2011 $
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	43,318	32,493
	43,318	32,493

29. INTEREST IN JOIN VENTURES

Current joint venture interests are as follows:

Joint Ventures	Managers	Avocet Resources Limited's Interest	Partner	Principal Activity (Exploration)
East Kimberley	Avocet Resources Limited	0% contributing (2011: 100% contributing)	Northern Star Resources Limited (non-contributing -10% free carry)	All minerals except gold
Ashburton	Avocet Resources Limited	50% contributing (2011: 50% contributing)	Cameco Australia Pty Ltd (contributing)	Uranium
Olary Creek	Avocet Resources Limited	0% contributing (2011: 0% contributing)	HJH Nominees (sole-funding - earning 75% iron and manganese)	Iron & Manganese
Saltwater Pool	Avocet Resources Limited	100% contributing (2011: 100% contributing)	Cullen Resources Limited and Thundelarra Exploration Limited	Uranium, base and precious minerals
Cerro Chacon	Piche Resources Pty Ltd	100% contributing (2011: 0% contributing)	MH Argentina SA (non-contributing – divesting 60%)	Gold
Sierra Cuadrada	Piche Resources Pty Ltd	100% contributing (2011: 0% contributing)	U3O8 Corporation, Canada (non-contributing – divesting 51%	Uranium

The Group's interest in assets employed in the above joint ventures includes capitalised exploration and evaluation expenditure of $2,569,698 (2011: $2,469,627). These amounts are included in capitalised exploration and evaluation expenditure in note 14.

Receivables from joint venture partners amount to $nil (2011: $1,025) and arose in the normal course of business. The cash call balance of the Ashburton joint venture is: $63,414 (2011: $153,141).

30. PARENT COMPANY DISCLOSURES

As at, and throughout the financial year ended 30 June 2012, the parent entity of the Group was Avocet Resources Limited.

	2012 $	2011 $
Result of the parent entity		
(Loss) / profit for the period	(2,511,337)	4,140,015
Other comprehensive income	-	-
Total comprehensive income for the period	(2,511,337)	4,140,015
Financial position of parent entity at year end		
Current assets	4,836,059	6,428,057
Total assets	10,341,771	13,124,800
Current liabilities	219,148	467,403
Total liabilities	260,217	531,908
Total equity of the parent entity comprising of:		
Share capital	12,456,865	12,456,865
Equity-settled benefits reserve	37,500	169,816
Accumulated losses	(2,412,811)	(33,789)
Total equity	10,081,554	12,592,892
Commitments		
Office rent		
Less than one year	85,500	124,760
Between one and five years	-	141,000
	85,500	265,760
Mineral exploration		
Not later than one year	1,172,000	537,239

31. SUBSEQUENT EVENTS

There have been no matters of circumstance that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

1 In the opinion of the directors of Avocet Resources Limited (the "Company"):

(a) the consolidated financial statements and notes, and the Remuneration report set out in section 4 in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

3 The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Perth this 26th day of September 2012.

STEPHEN T MANN
Director

KPMG

Independent auditor's report to the members of Avocet Resources Limited

Report on the financial report

We have audited the accompanying financial report of Avocet Resources Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, accompanying notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included at Section 4 in the director's report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Avocet Resources Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

26 September 2012

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1. SHAREHOLDER INFORMATION

(a) Distribution of fully paid ordinary shares at 31 August 2012

Category			Number of Shareholders	Shares held
1	-	1,000	382	175,956
1,001	-	5,000	604	1,582,963
5,001	-	10,000	313	2,542,006
10,001	-	100,000	728	22,814,375
100,001	and	over	123	78,398,352
			2,150	105,513,653

(b) Distribution of options at 31 August 2012

Category			Number of Option holders	Options held
100,001	and	over	1	500,000
			1	500,000

(c) Marketable Parcel

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,183.

(d) Voting rights

Ordinary shares
There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options
There are no voting rights attached to the options.

1. SHAREHOLDER INFORMATION (continued)

(e) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Name	Ordinary shares Number of Shares
Giralia Resources NL	15,829,325
HSBC Custody Nominees Australia Limited	8,925,555
Yandal Investments Pty Ltd	6,500,000

(f) Unlisted 18 November 2013 Options

There are 500,000 options held by 1 holder on issue that are exercisable at $0.25 on or before 18 November 2008.

(g) Shareholders

The twenty largest shareholders hold 53.17% of the total issued ordinary shares in the Company as at 31 August 2012.

2. TOP TWENTY SHAREHOLDERS AS AT 31 AUGUST 2012

		Ordinary shares	
	Name	Number of Shares	Percentage of issued shares
1	Giralia Resources NL	15,829,325	15.00
2	HSBC Custody Nominees Australia Limited	8,925,555	8.46
3	Yandal Investments Pty Ltd	6,500,000	6.16
4	JP Morgan Nominees Australia Limited	2,594,151	2.46
5	Abingdon Nominees Pty Ltd	2,546,067	2.41
6	Tilbrook John Bevan	1,913,011	1.81
7	Riley Graham d & AM	1,909,273	1.81
8	Macdonald Stanley Allan	1,737,065	1.65
9	Grey Willow Pty Ltd	1,632,530	1.55
10	National Nominees Limited	1,579,880	1.50
11	Tilbrook JB & P & JE	1,536,514	1.46
12	Granich Nada	1,382,160	1.31
13	Nefco Nominees Pty Ltd	1,247,503	1.18
14	Chotai International Pty Ltd	1,000,000	0.95
15	Clatworthy Nominees Limited	1,000,000	0.95
16	Yovich Walter Mich G	991,600	0.94
17	Hernstadt William Henry	950,000	0.90
18	Kirk David Anthony	700,000	0.66
19	Watts Robyn Lesley & ST	700,000	0.66
20	Creekwood Nominees Pty Ltd	661,211	0.63
		55,335,845	52.44

3. TENEMENTS LISTING AT 31 AUGUST 2012

Avocet Resources Limited has used the cash and assets in a form readily convertible to cash, that it had at the time of admission to the Australian Securities Exchange, in a manner consistent with Avocet Resources Limited's business objectives

Tenement Description	Tenement Numbers	Percentage Interest
WESTERN AUSTRALIA		
Kunderong Range	EL 52/2125	100%
Kennedy Well	EL 52/2698	100%
Wabli Creek	EL 09/1178	100%
Mango Bore	EL 09/1213	100%
CAMECO JOINT VENTURE		
Natalie Bore	EL 52/1914	50%
Mt Brenahan	EL 52/1915	50%
Yilbrinna Pool	EL 52/1916	50%
Mt Vernon North	EL 52/1917	50%
Bundabunda Pool	EL 52/2032	50%
Canyon Creek	EL 52/1893	50%
Atlantis	EL 52/1880	50%
Xanadu	EL 52/1879	50%
Turee Creek	EL 52/2446	50%
Turee Creek 2	EL 52/2447	50%
Turee Creek 3	EL 52/2448	50%
Turee Creek 4	EL 52/2449	50%
Turee Creek 5	EL 52/2450	50%
SALTWATER POOL JOINT VENTURE		
Saltwater Pool A	E 52/1890	Earning 51%
Saltwater Pool B	E 52/1892	Earning 51%
Saltwater Pool C	E 52/1940	Earning 51%

3. **TENEMENTS LISTING AT 31 AUGUST 2012 (continued)**

Tenement Description	Tenement Numbers	Percentage Interest
SOUTH AUSTRALIA		
Olary Creek	EL 4664	Partner earning 75% on iron ore rights
QUEENSLAND		
Ardmore East	EPM 15006	100%
Westmoreland East	EPM 14964	100%
Eleven Mile	EPM 16010	100%
ARGENTINA		
CERRO CHACON JOINT VENTURE		
S/N	15257/07	Earning 60%
Puest Chacon 2	15258/07	Earning 60%
Cateo Condor	15321/07	Earning 60%
Puest Chacon 3	15348/07	Earning 60%
Chacon 5	15419/08	Earning 60%
Puesto Chacon 4	15490/08	Earning 60%
Chacon 7	15517/08	Earning 60%
Chacon 10	15626/09	Earning 60%
Chacon 11	15701/10	Earning 60%
SIERRA CUADRADA JOINT VENTURE		
Sierra Cuadrada	Pending	Earning 51%