

Olary Creek to Progress to Feasibility Study

Highlights

- Results from diamond and reverse circulation drilling on Olary Creek extend the size of the iron ore mineralisation.
- Joint Venture partners have indicated they will proceed with:
 - Economic assessment;
 - Resource evaluation;
 - Feasibility study.
- Further drilling results pending.
- New results reiterate thickness of iron rich sediments.

Hole ID	Interval	Fe		
ZK1611	151.5m	@ 66.90%	in concentrate from	108.2m
and	105.0m	@ 67.97%	in concentrate from	293.0m
ZK1806	101.1m	@ 69.55%	in concentrate from	62.3m
ZK1810	81.55m	@ 69.53%	in concentrate from	238.0m
ZK2206	65.00m	@ 69.33%	in concentrate from	74.0m
ZK2204	36.00m	@ 69.06%	in concentrate from	41.0m

Olary Creek Update

The Olary Creek Project includes exploration licence 4664 and is located 70 kilometres from Broken Hill with ready access to roads, rail and port facilities. The project is situated a short distance south of the Barrier Highway and the Indian Pacific railway line (Figure 1).

Avocet's joint venture partner, "HJH Nominees" and its partner, "YMRD-Centre Alliance Co. WA Pty Ltd," completed 55 diamond and reverse circulation drill holes, for a total advance of 16,241.30 metres, in two programmes which commenced in July 2011, and finished at the end of June 2012.

YMRD has been the manager of the recent drilling programmes.

Resource Evaluation and Feasibility Study

Avocet has been informed by its joint venture partner that it intends to undertake a number of studies on the project on receipt of all remaining assays. In particular, Avocet's joint venture partner intends to complete:

- i) Desktop economic assessment of the project;
- ii) Resource evaluation;
- iii) Feasibility study on the Olary Creek Iron Ore Project.

Results received thus far have indicated that multiple mineralised intervals exist over very considerable thicknesses along the strike tested to date. The Davis Tube Recovery (DTR) testwork concentrates have returned consistent grades of iron and relatively low impurities.

Assay and Testwork Results

Further new assay results from the diamond and reverse circulation drilling programmes which have been undertaken, have been received from the Joint Venture partner and are included in this release.

The six holes reported in this release are part of further follow up to drilling of some of the holes previously reported in recent weeks. The ground magnetic survey highlighted in the last two Avocet releases and which was completed by Avocet's joint venture partner last year identifies the extent of the magnetic anomaly. It is interesting to note

that significant iron results have also been received in areas of relatively poor magnetic response.

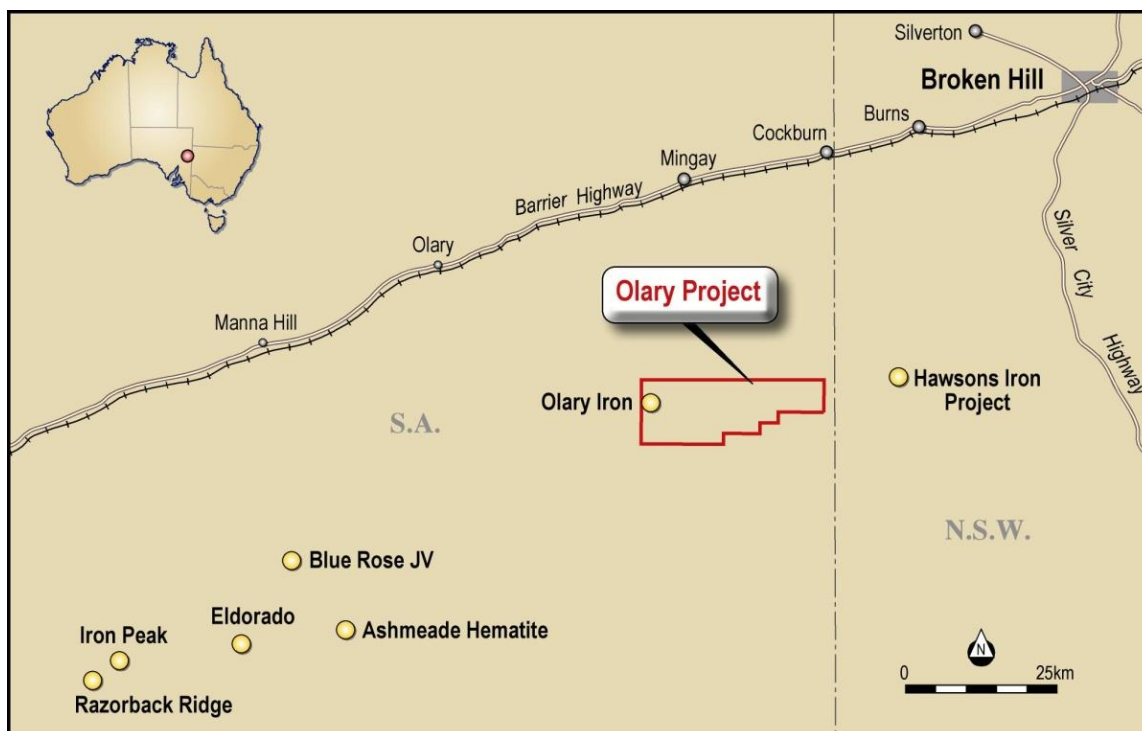


Figure 1 : Location of the Olary Project

Sampling of the drill core commenced in March 2012, and to date assays from only 26 of the 55 holes have been received. Results from the first 20 holes have previously been announced.

The Olary Creek drilling programmes have targeted a significant portion of the siltstone hosted Braemar Iron Formation which is highly prospective for bulk magnetite iron ore deposits in the region. 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 DTR testwork concentrate grades average 68-70% Fe with generally low P, S, Al₂O₃ and SiO₂. Only rarely has the DTR testwork been completed on samples in the upper 80 metres, but there remains considerable potential in this area for an increase of resources.

Table 1 below, summarises the collar details of the six drill holes reported in this announcement, whilst Table 2 highlights all the significant intersections from these drill holes. A number of shallow intercepts have also been reported from these drill holes.

Table 1 : Drill Holes for which Assays are reported in this Announcement

Hole No.	Coordinates		RC	DD	Total Depth	Azimuth	Dip
	N	E					
OLO028	6401300	468800	222	267.1	489.10	090	60
ZK2204	6402508	469285	94	-	94	360	60
ZK2206	6402439	469285	172	-	172	360	60
ZK1810	6402229	468885	238	89.8	327.8	360	60
ZK1806	6402417	468885	-	174.9	174.9	360	60
ZK1611	6401610	468685	-	702.5	702.5	-	90

Table 2 : Concentrate, DTR and Iron Head Grade Results for Holes Reported in this Announcement

Hole ID	To (m)	From (m)	Interval (m)		Mass Recovery	Fe% Head Grade	Concentrates				
							Fe	Al ₂ O ₃	P	SiO ₂	S
OLO028	221.9	236.10	14.2	@	19.58	17.49	66.78	0.53	.014	5.99	.015
	300.80	322.50	21.7	@	16.87	16.53	65.21	0.63	.016	6.89	.073
	351.1	368.80	17.7	@	23.82	25.45	69.26	0.35	.014	2.82	.022
	387.7	408.25	20.55	@	44.45	37.60	68.01	0.26	.028	4.57	.012
	412.2	416.2	4	@	45.48	39.44	66.71	0.32	.038	5.36	.014
	430.4	436.70	6.3	@	48.09	44.82	68.04	0.35	.038	3.70	.198
ZK2204	41	77	36	@	25.80	26.49	69.06	0.37	.006	3.05	.008
ZK2206	30	60	30	@	12.69	22.42	69.73	0.21	.086	1.23	.001
	74	139	65	@	24.68	24.10	69.33	0.32	.004	3.06	.002
ZK1810	238.0	319.55	81.55	@	23.00	24.35	69.53	0.23	.003	2.99	.002
				@							
ZK1806	48.3	58.6	10.3	@	16.12	25.58	69.44	0.22	.006	1.69	.003
	62.3	163.40	101.1	@	23.07	25.62	69.55	0.27	.007	2.60	.005
ZK1611	108.20	259.70	151.5	@	21.46	17.99	66.90	0.49	.017	6.09	.004
	293	398.0	105	@	18.96	17.35	67.97	0.29	.008	5.09	.005
	419.7	439.6	19.9	@	19.06	20.83	68.63	0.33	.009	4.11	.005
	443.4	460.70	17.3	@	10.56	11.31	67.39	0.44	.007	5.39	.007

Notes

- DTR analysis completed by ALS Perth on drill core with grind size to 38 microns.
- All assays and DTR concentrate grades and head grades are assayed by XRF.
- Samples are composited at various intervals up to 3 metres dependant on magnetic susceptibility readings.
- Lower cut-off grade for DTR of Mass Recovery 5% Fe and one sample (up to 3 consecutive metres) of interval waste (<5% Fe mass recovery) included in any intersection, but more than one zone of internal waste can be included in any intersection.
- Significant intersections of mixed hematite/magnetite returned in upper 100 metres, have not been recorded due to insufficient DTR testwork.

Farm in and Joint Venture Agreement

Avocet has been notified by its joint venture partner that it has completed the expenditure of \$5 million to earn an interest of 75% in the Olary Creek Joint Venture. The Company is currently reviewing that expenditure.

Avocet is now free carried to the completion of a Bankable Feasibility Study and a Decision to Mine being made by the management committee.

Following completion of the feasibility study and within 90 days of a decision to mine being made, Avocet must elect one of the following:

- i) To contribute to mine development of the Olary Creek Iron Ore Mining Operations expenditure proportionally based on its interest holding;
- ii) To convert its 25% interest in the tenement to a 2% FOB royalty; or
- iii) To convert its 25% interest in the tenement to a 1% FOB royalty and earn \$0.50 per reserve tonne royalty on tonnes produced from the Project payable 6 months on sale.

Further information relating to the Company and its various exploration projects can be found on the Company's website at www.avocetresources.com.au.

6th August 2012



Stephen Mann
Managing Director

The information in this report that relates to Exploration Results and 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 Avocet Resources Limited. Mr. Mann consents to the inclusion of the information in this announcement in the form and context in which it appears.