

Further Assays Highlight Significant Potential for Major Iron Orebody at Olary Creek

Highlights

- Further results from diamond drilling on Olary Creek iron ore targets highlights potential for a large tonnage orebody.
- New results highlight considerable thicknesses of iron rich sediments. Many results are still pending. The majority of concentrates are low in S, P, Al₂O₃ and SiO₂. Significant results include:

Hole ID	Interval		Fe		
ZK1808	131.65m	@	70.22%	in concentrate from	121.35m
ZK1619	276.0m	@	67.15%	in concentrate from	119.00m
ZK1603	105.5m	@	69.24%	in concentrate from	86.5m
and	75.5m	@	67.43%	in concentrate from	210.0m

Olary Creek Update

The Directors of Avocet Resources Limited are pleased to release further assay results from the diamond drilling programmes which have been recently undertaken on Olary Creek in South Australia.

Avocet Resources has received these results from its joint venture partner, “HJH Nominees” and their partner, “YMRD – Centres Alliance Co WA Pty Ltd”. YMRD has been the manager of the recent drilling programmes.

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”, completed 55 diamond and reverse circulation drill holes, for a total of 16,241.30 metres, in programmes which commenced in July 2011, and finished at the end of June 2012.

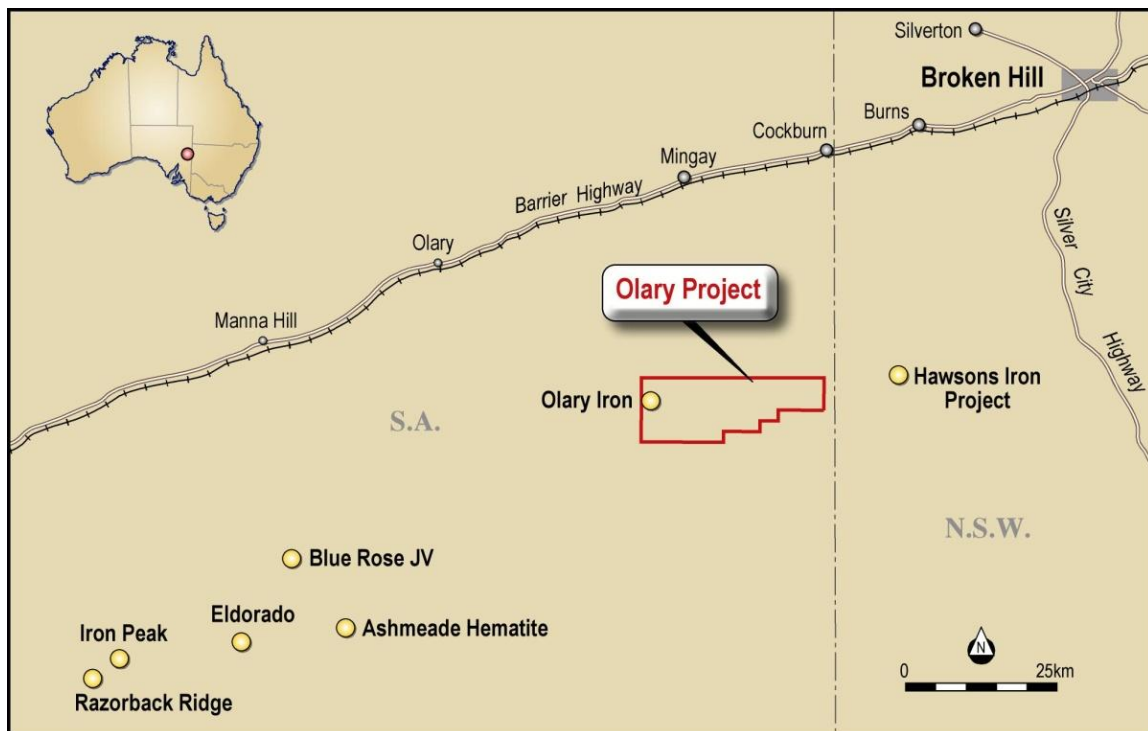


Figure 1: Location of the Olary Project

Figure 2 highlights the four holes reported in this release, (green diamonds), with all other holes completed in this programme, highlighted in yellow. The background to the figure highlights the results of the ground magnetic survey completed over the target horizon with the three main iron formations identified in the survey, highlighted by white, grey and black dashed lines.

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

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. 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. Only rarely has DTR test work been completed on samples in the upper 80 metres, but there remains considerable potential in this area for increase of resources in the future.

Table 1 below, summarises the collar details of the four drill holes reported on in this announcement.

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

No.	Hole No.	Coordinates		DD	Total Depth	Azimuth	Dip
		N	E				
1	ZK1808	6402320	468885	253.0	253.0	360	60
2	ZK1619	6400810	468685	453.3	453.3	-	90
3	ZK1603	6402410	468685	309.5	309.5	-	90
4	ZK2407	6402012	469484	296.0	296.0	120	60

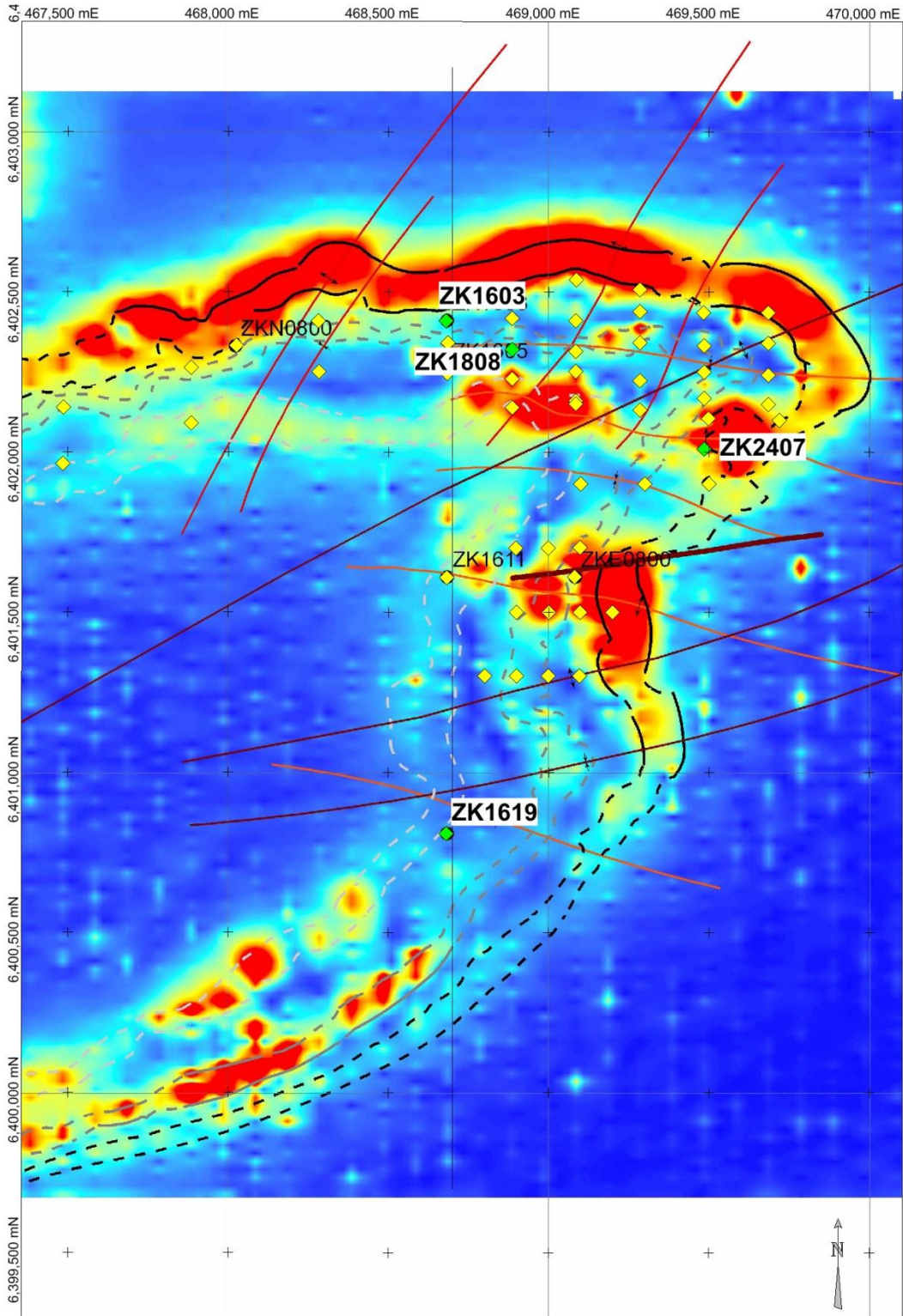


Figure 2 : Location of the four drill holes reported in this release (overlying the ground magnetics)

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	Fe C3	Al ₂ O ₃	P	S	SiO ₂
ZK1619	76	94.8	18.8m	@	18.17	16.76	67.40	0.334	.007	.003	5.81
	119	395.0	276.0m	@	16.62	16.81	67.15	0.362	.006	.005	6.05
	413.6	453.3	39.7m	@	19.58	17.89	68.35	0.394	.005	.006	4.37
ZK2407	89.10	134.20	45.10	@	25.89	21.22	68.31	0.426	.008	.010	4.35
	142.10	172.0	29.90m	@	23.53	20.19	68.02	0.369	.007	.007	4.69
	214.10	235.30	21.20m	@	36.97	32.70	68.66	0.361	.013	.007	3.79
ZK1808	65.9	89.35	23.45m	@	18.50	28.19	69.13	0.231	.007	.004	2.58
	92.8	102.35	9.55m	@	32.71	37.91	70.01	0.216	.007	.003	2.46
	121.35	253.0	131.65m	@	23.57	26.26	70.22	0.257	.006	.003	2.13
ZK1603	86.5	192.0	105.5m	@	18.29	23.46	69.24	0.271	.004	.002	3.03
	210.0	285.5	75.5m	@	33.02	26.58	67.43	0.533	.007	.002	5.45

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 test work.

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

1st 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.