



14 March 2013

Dear Sir / Madam

DECEMBER 2012 INTERIM FINANCIAL REPORT

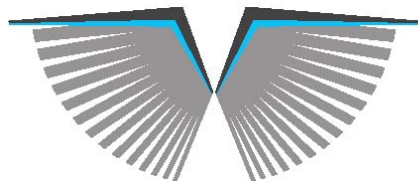
We attach the Interim Financial Report for Avocet Resources Limited for the six months ended 31 December 2012.

Yours faithfully
Avocet Resources Limited

Stephen Mann
Managing Director



Avocet
RESOURCES LIMITED



Avocet
RESOURCES LIMITED

ABN 11 113 446 352

INTERIM FINANCIAL REPORT

31 DECEMBER 2012

CONTENTS

Company Directory	3
Operations Report	4
Directors' Report	24
Auditor's Independence Declaration	26
Condensed Consolidated Statement of Financial Position	27
Condensed Consolidated Statement of Comprehensive Income	28
Condensed Consolidated Statement of Changes in Equity	29
Condensed Consolidated Statement of Changes in Equity	30
Condensed Consolidated Statement of Cash Flows	31
Notes to the Condensed Interim Financial Statements	32
Directors' Declaration	36
Independent Review Report	37

COMPANY DIRECTORY

DIRECTORS AND COMPANY SECRETARY:

Philip Lucas

Non-Executive Chairman
Appointed 9 November 2005

Stanley Macdonald

Non-Executive Director
Appointed 6 October 2005

Stephen Mann

Managing Director
Appointed 14 March 2006

David McArthur

Company Secretary
Appointed 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:

3rd floor, 33 Ord Street
WEST PERTH
WA 6005

PO Box 1533
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

OPERATIONS REPORT

OVERVIEW

U3O8 Limited was floated in 2006 as a dedicated uranium explorer within Australia. In May 2012, the Company changed its name to Avocet Resources Limited to reflect the multi-commodity nature of the portfolio the Company has developed, as well as the change in geographical spread of its projects.

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

Although the commodity split has been dominated by uranium in the past, the Company has progressively been able to change 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.

The Company announced its intention to merge with Canadian listed Lion One Metals in December 2012. Lion One's main asset is the Tuvatu Gold Project in Fiji.



Figure 1: Australian Project Locations

Change of Name to Avocet Resources Limited

U308 Limited changed its name to Avocet Resources Limited on 25th May 2012, following shareholder approval at the Special General Meeting on that day.

The change of name was to allow Avocet Resources to become more flexible in its exploration and acquisition activities to improve shareholder value.

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

The Company wanted to be in a position where it was able to approach these resources and use its Board and managerial experience and expertise to exploit such opportunities without being pigeon-holed as a uranium only company.

The change of name does not mean a divergence from the Company's core business of exploring for and understanding the next generation of uranium discoveries, but rather it means that there is an increased ability to bring additional projects to the Company books.

Avocet Resources/Lion One Metals Merger

Avocet Resources announced its intention to merge with Canadian listed Lion One Metals on 21st December 2012.

Under the proposed merger, Avocet shareholders will receive one Lion One share for every 9.5 Avocet shares they hold. Based on the closing price of Lion One shares on 19th December 2012, the merger implies an offer price of A\$0.0721 per Avocet share, representing a premium of 28.73% to the closing price of Avocet shares on 20th December 2012, and a premium of 28.07% to the 60-day volume-weighted average price of Avocet shares for the period ending 20th December 2012.

Highlights of the combined Avocet and Lion One entity include:

- The Tuvatu Gold Project – Lion One Metal's advanced exploration gold project is located on the Fijian Island of Viti Levu. The Tuvatu deposit hosts an Indicated Mineral Resource of 172,000 ounces of gold at an average grade of 7.05 g/t gold and an Inferred Mineral Resource of 480,000 ounces of gold at an average grade of 5.71 g/t gold¹. Recently completed and ongoing surface, underground and diamond drill programmes have concentrated on expansion of this resource. The management of Lion One is confident that incorporation of these results into the existing data base has the potential to significantly expand the current resource.

¹ The current mineral resource estimate was completed in August 2010 and, as required by National Instrument 43-101, was prepared in accordance with CIM definitions, using a 2.0 g/t Au cutoff.

Avocet Resources/Lion One Metals Merger (continued)

- A feasibility study completed by Emperor Mines, (the previous owner and operator of the Tuvatu Gold Project in 2000), reported that the Tuvatu Project hosted a probable reserve prepared in accordance with JORC of 269,000 ounces of gold at an average grade of 6.63 g/t gold at a break-even gold price of US\$325.00.²
- A 25% interest in the Olary Creek Iron Ore Project located in South Australia, 70 km's from Broken Hill, with ready access to roads, rail and port facilities. Avocet's interest is free carried by its joint Venture partner to completion of a Bankable Feasibility Study and a Decision to Mine being made by the management committee. Once a Decision to Mine has been made, Avocet then has the option to:
 - i) Contribute to development of the Olary Creek Iron Ore Mine or convert its 25% free carried interest to one of two royalties;
 - ii) A 2% FOB royalty; or
 - iii) \$0.5/tonne royalty plus 1% FOB royalty.

A total of over 16,000 metres of drilling, from 55 diamond and reverse circulation holes, has highlighted the high grade and low impurities nature of the iron concentrate.

- Earning a 51% interest in the Monster precious metal project which forms part of the Ashburton Project area. The Monster project hosts mineralized structures that have been traced over a strike length of over 13km with grades ranging to 13g/t Au and 1660g/t Ag in rock chips.
- A strong portfolio of other precious and base metal and uranium projects in Australia, Fiji, and Argentina.
- An experienced team comprising members of both Avocet and Lion One capable of rapidly advancing the combined assets of the Merged Entity.
- Cash in hand of approximately C\$18 million.
- A market capitalization in excess of C\$35 million (based on the share prices as at 20 December 2012) with the potential for a marketing re-rating.

The Tuvatu Gold Project lies on the eastern side of the circum Pacific Rim, an area characterised by a number of large gold + copper + silver deposits, but also includes all the giants and bonanza deposits in the area. (Figure 2)

² Note that the Emperor reserve estimate prepared in accordance with JORC has been superseded by the Lion One Metals Mineral Resource Estimate (August 2010). A qualified person has not performed sufficient work to classify the historical estimate as current mineral resources or reserves. Lion One is treating the historical estimate as current mineral resources or reserves. The Emperor feasibility study was prepared by several notable engineering firms including Bateman Engineering Pty Ltd.

Avocet Resources/Lion One Metals Merger (continued)

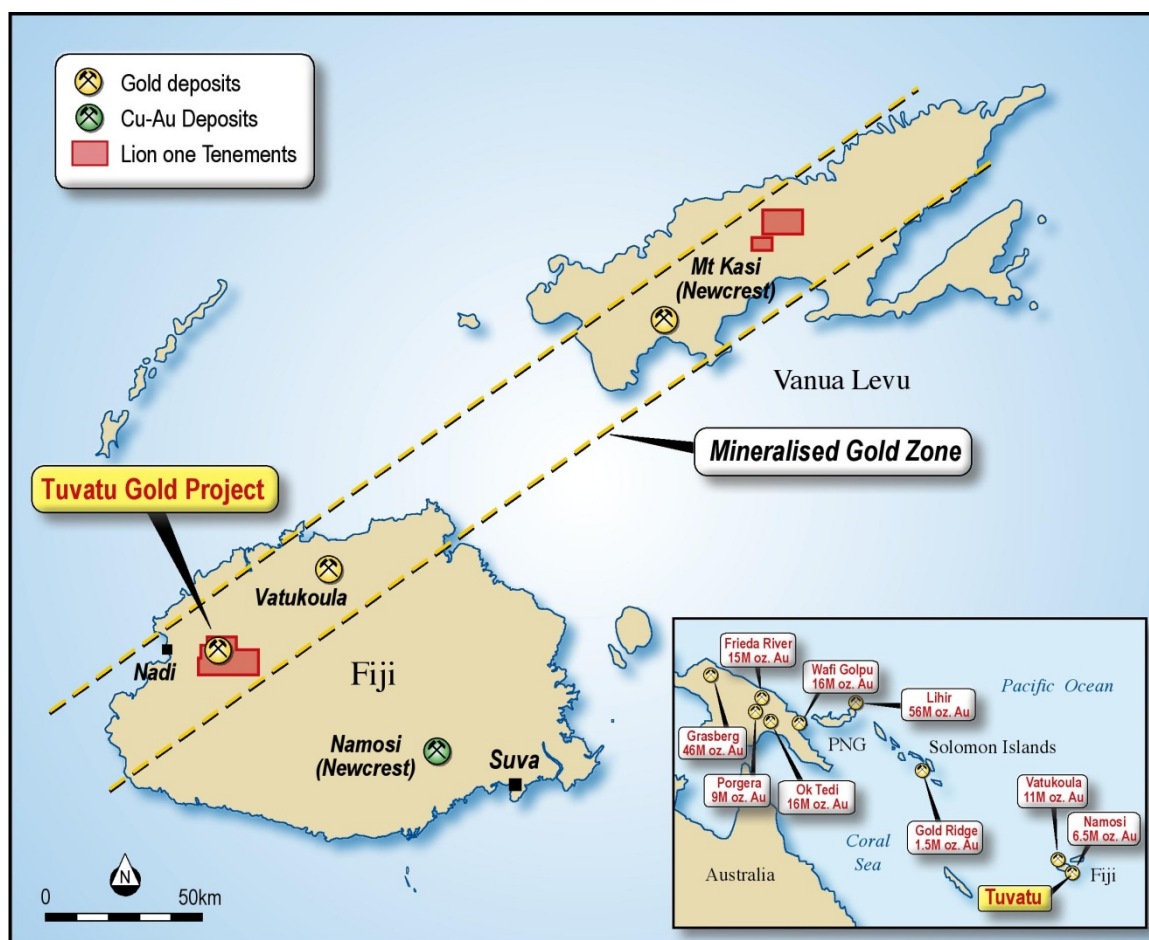


Figure 2: Tuvatu Gold Project Location

The Tuvatu Project was previously explored by Emperor Gold Mines, who were at the time, also operators of the Vatukoula Gold Mine to the northeast. Emperor spent in excess of \$20 million at Tuvatu between 1997 and 2000.

Exploration and delineation work included the completion of 87,000 metres of drilling (60,000 metres of diamond drilling, and 27,000 metres of reverse circulation drilling) which identified 20 mineralised lodes. Many of these lodes and further lodes yet to be drilled extend away from the known resource and offer considerable potential for significant increases to the resources.

Emperor completed a scoping study, prefeasibility study and a prefeasibility study and associated testwork (including metallurgical, geological, geotechnical, etc.). To complement this work, Emperor also completed 1600 metres of decline development which intersected most of the lodes, allowed access for underground diamond drilling, and allowed bulk sampling, assaying and technical studies. The Emperor Feasibility Study defined a JORC compliant reserve of 279,000oz Au at 6.63 g/t Au, and at a production rate of 80,000oz/year demonstrated very low capital costs and operating costs.

The Tuvatu project was to be developed as a high grade, selective underground mining operation, but as the gold price was at \$300 /oz. and declining (2000), the project was put on care and maintenance. Lion One subsequently acquired the project.

Lion One is currently preparing the documentation for the lodgement of a mining licence application.

Since mid-2012, Lion One has been undertaking a diamond drilling programme adjacent to the existing resource, in an effort to identify further resources which could be mined at Tuvatu.

Avocet Resources/Lion One Metals Merger (continued)

The drill programme is designed to test and confirm the grade, thickness, and continuity of mineralised lodes that cross-cut the main Tuvatu Resource area. These lodes have been mapped at surface up to 1,330 metres along strike to the west. The drill holes were spaced on 80 metre centres in a zone extending up to 250 metres west of the existing Tuvatu Resource area, with further additional resource definition drill holes planned. The Company believes that further drilling on these extensions has the potential to significantly increase both the tonnage and resources of the Tuvatu Gold Project (see figures 3 and 4).

Figure 3 identifies the majority of drill holes completed in this programme to date. The location of the cross section is shown in Figure 4. The existing exploration decline is located in the centre of the previously outlined resource to the east of the current drilling. Drilling is ongoing with planned 40 metre spaced holes allowing for the eventual resource calculation of this new zone. Figure 4 below, highlights a typical cross section and demonstrates the grade and thickness continuity of many of the main lodes in the Tuvatu project area.

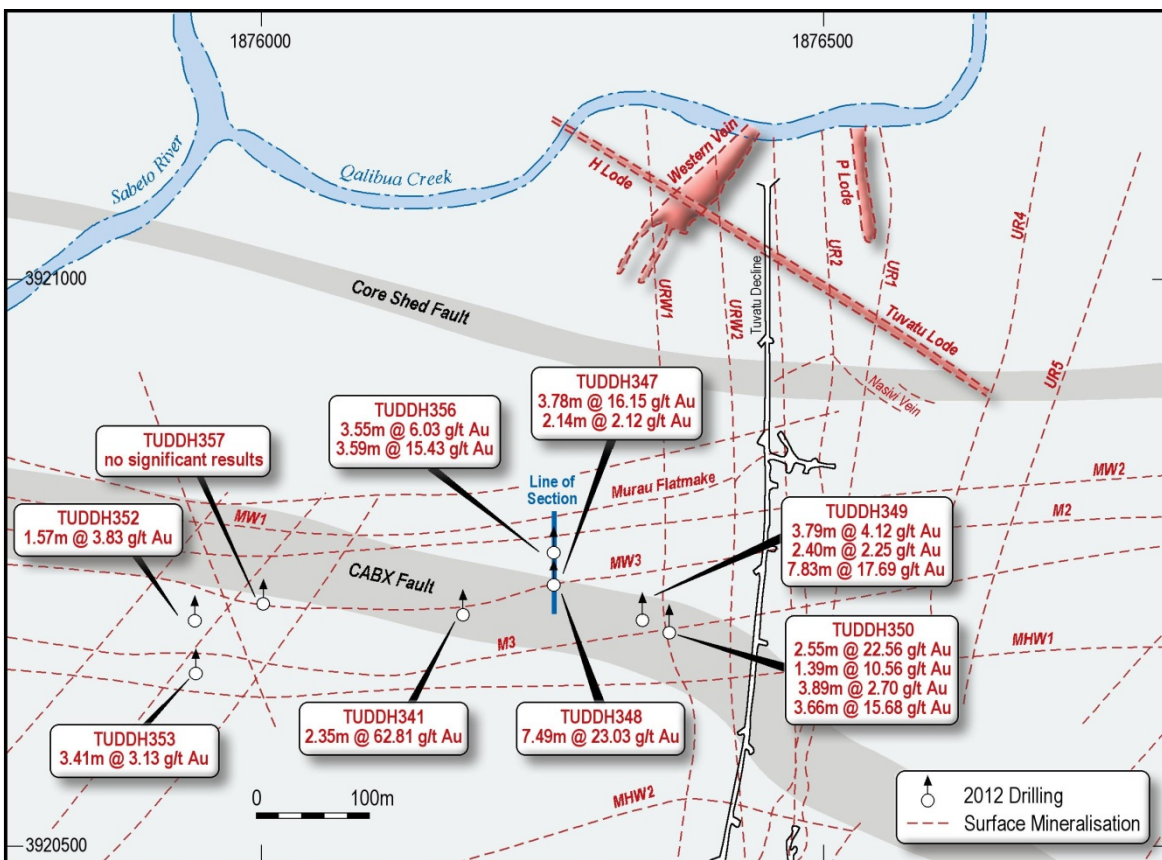


Figure 3: Drill Hole Location Plan with most Significant Results

Avocet Resources/Lion One Metals Merger (continued)

The most significant results returned from the Lion One drilling programme in 2012 included:

Hole ID	Interval (Metres)	g/t Au	From (Metres)	Lode
TUDDH 341	2.32 @	62.81	148.54	Snake
TUDDH 347	3.78 @	16.15	121.99	Murau 1
TUDDH 348	7.49 @	23.03	155.05	Murau 1
TUDDH 349	11.90 @	11.77	128.55	Murau 2
TUDDH 350	2.55 @	22.56	78.99	Murau 2
and	1.39 @	10.56	89.43	Murau 2
and	3.66 @	15.68	142.00	Murau 1
TUDDH 356	3.59 @	15.43	89.70	Snake

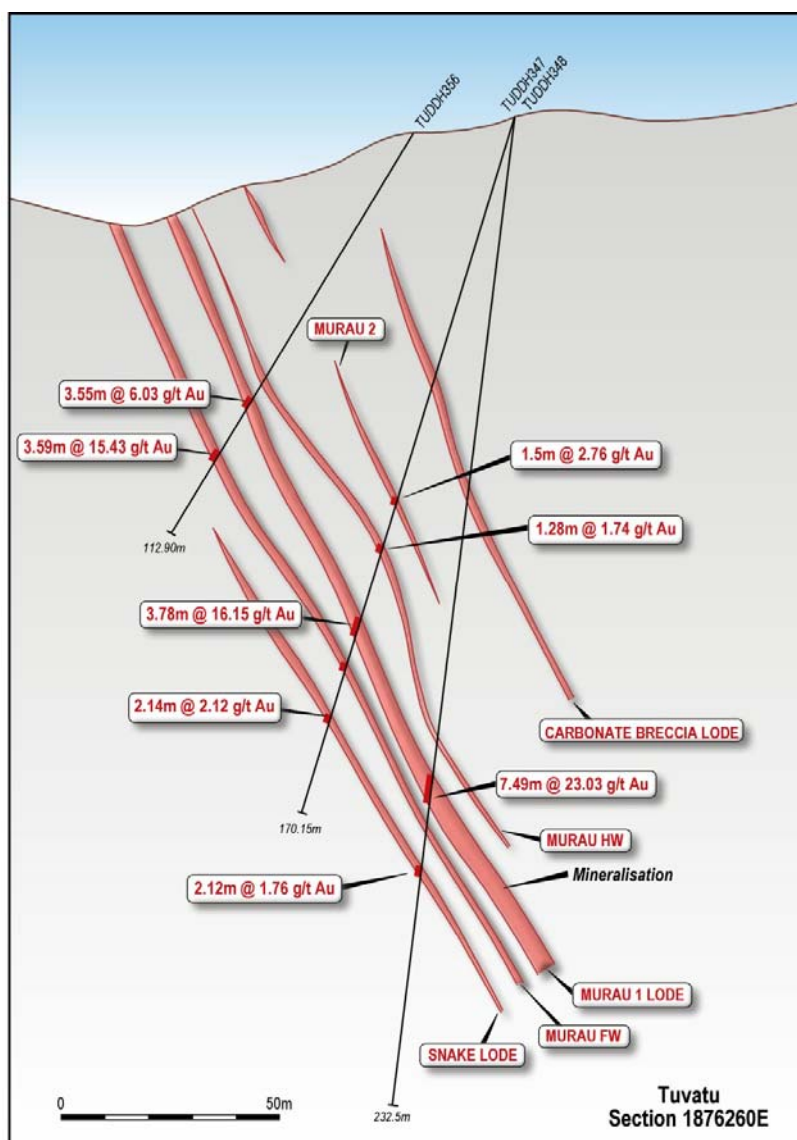


Figure 4: Cross Section of Drilling on 1876260E

AUSTRALIA

Avocet has an extensive project portfolio in Australia, searching for gold, silver, uranium and iron ore (Figure 5).

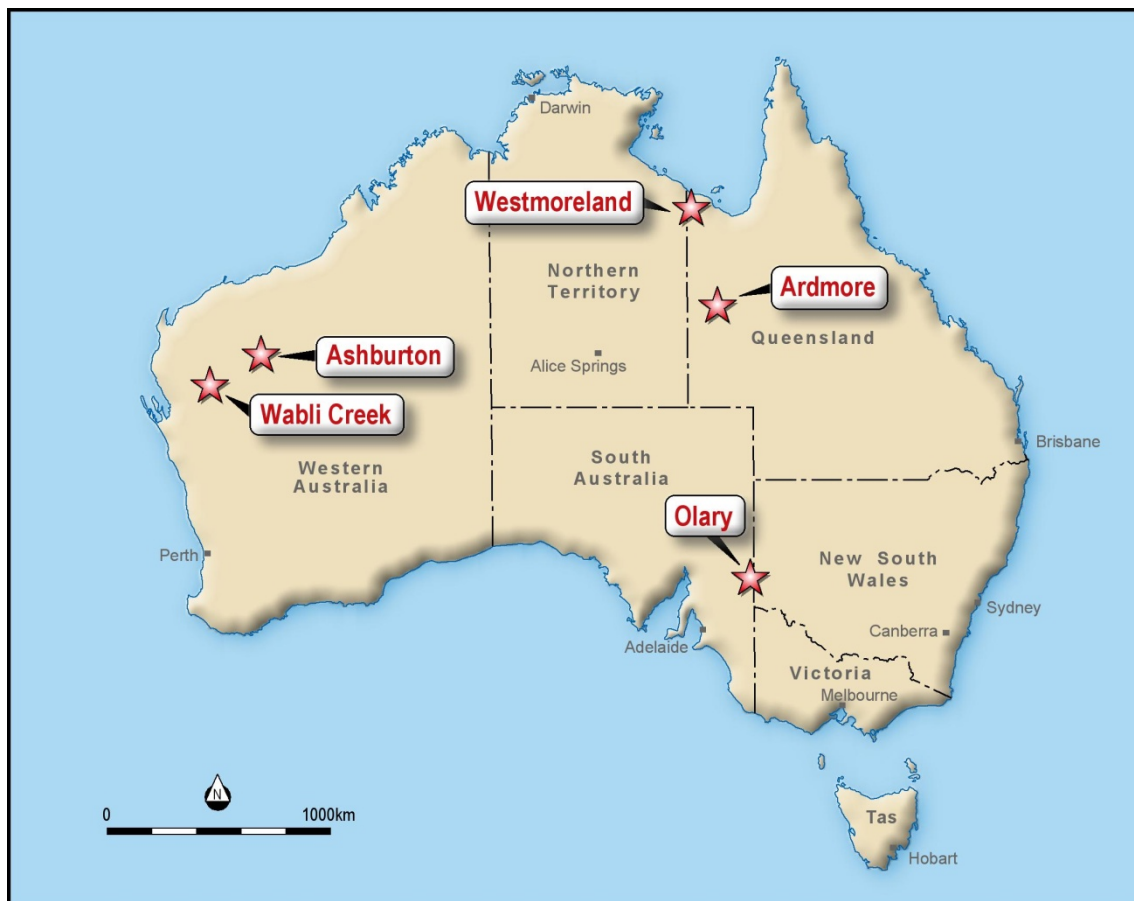


Figure 5: Avocet's Australian Projects

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 5). The project area consists of three groups of tenements. Three granted tenements are held 100% by Avocet Resources Limited. A further 13 tenements comprise the Ashburton JV, a 50:50 joint venture with Cameco Australia, whilst the three remaining tenements make up the Saltwater Pool Joint Venture. (Figure 6)

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.

Ashburton Project Area (continued)

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.

A review of the results by Avocet geologists and SJS Resource Management has been undertaken to define further untested uranium prospects and confirm the potential for gold/silver mineralisation along the very extensive Monster trend on the Saltwater Pool Joint Venture (Figure 6). The Monster structure can be traced along strike for over 13km, after which, it dips below Recent and late Proterozoic cover sequences. Gold grades up to 13 g/t, silver grades to 1660 g/t and anomalous base metals have been returned from rock chip samples along this trend.

Avocet has submitted a work proposal to the native title party for a clearance programme into the Monster area to allow road and drill site construction to better evaluate the area in 2013.

Further analysis of the HyVista hyperspectral survey previously completed over the Ashburton project area is ongoing. Alteration assemblages of minerals have been identified in a number of areas throughout the Ashburton project area.

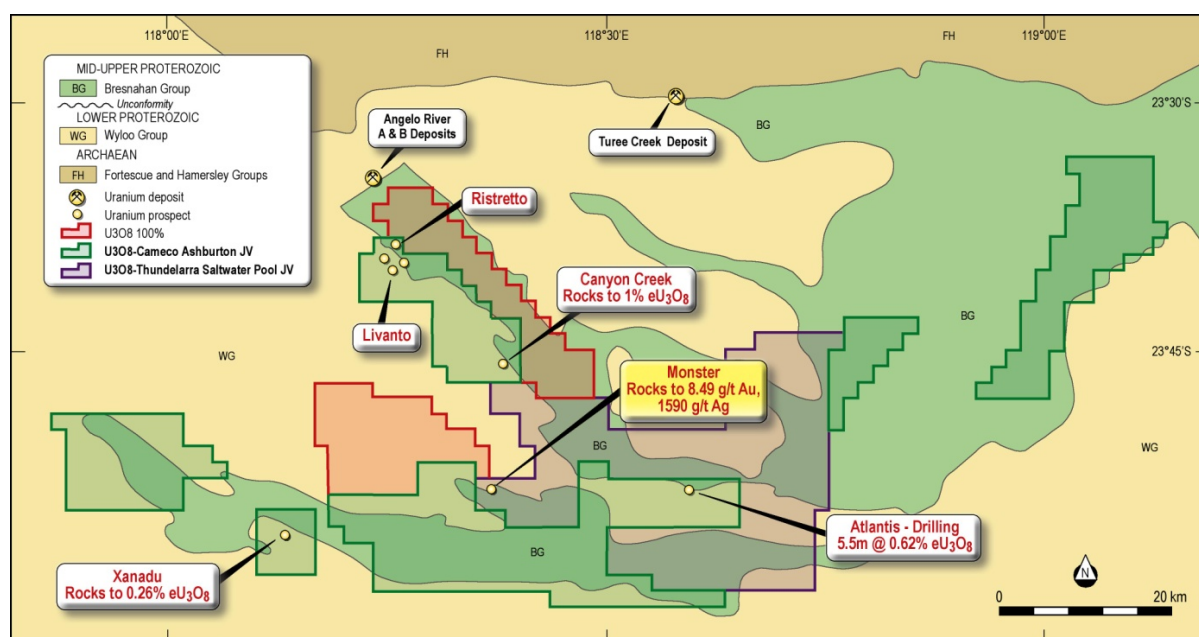


Figure 6: Avocet Resources Limited's Ashburton Project Area

Ashburton Project Area (continued)

(i) EIS Funding

Avocet Resources Limited was awarded an Exploration Incentive Scheme co-funded drilling grant from the State Government amounting to \$150,000 for its Ashburton Project area.

The co-funded government industry partnership was designed to support innovative drilling by companies in greenfields areas. Proposals from applicants were assessed on the basis of geoscientific and exploration target merit.

The funding will help the Company's exploration which is targeting shear hosted gold/silver mineralisation on its Ashburton Project area, which, until completion of Avocet's recent work, had never been previously explored.

The Ashburton area is one of the Company's main exploration projects. The Company has previously completed detailed airborne magnetics, radiometrics, and electromagnetics in addition to rock chip sampling.

Anomalous base metals have also been returned.

(ii) Drilling

It is proposed that Avocet will complete a reverse circulation drilling programme in the Second Quarter of 2013, targeting the precious metals mineralisation identified at Monster.

Wabli Creek

During the second half of 2012, a reverse circulation drilling programme was completed on the calcrete hosted uranium mineralised zone on the Wabli Creek and Mango Bore tenements in WA.

The programme consisted of the completion of 32 holes for a total advance of 343.5metres. Drilling intersected the southwest extension to the known mineralisation previously drilled by Avocet further to the northeast, at Minindi Creek.

The table below identified the work undertaken on each of the two tenements. (Figure 7)

Tenement	Holes	Metres
E09/1178	11	103.5
E09/1213	21	240.0
Total	32	343.5

Wabli Creek (continued)

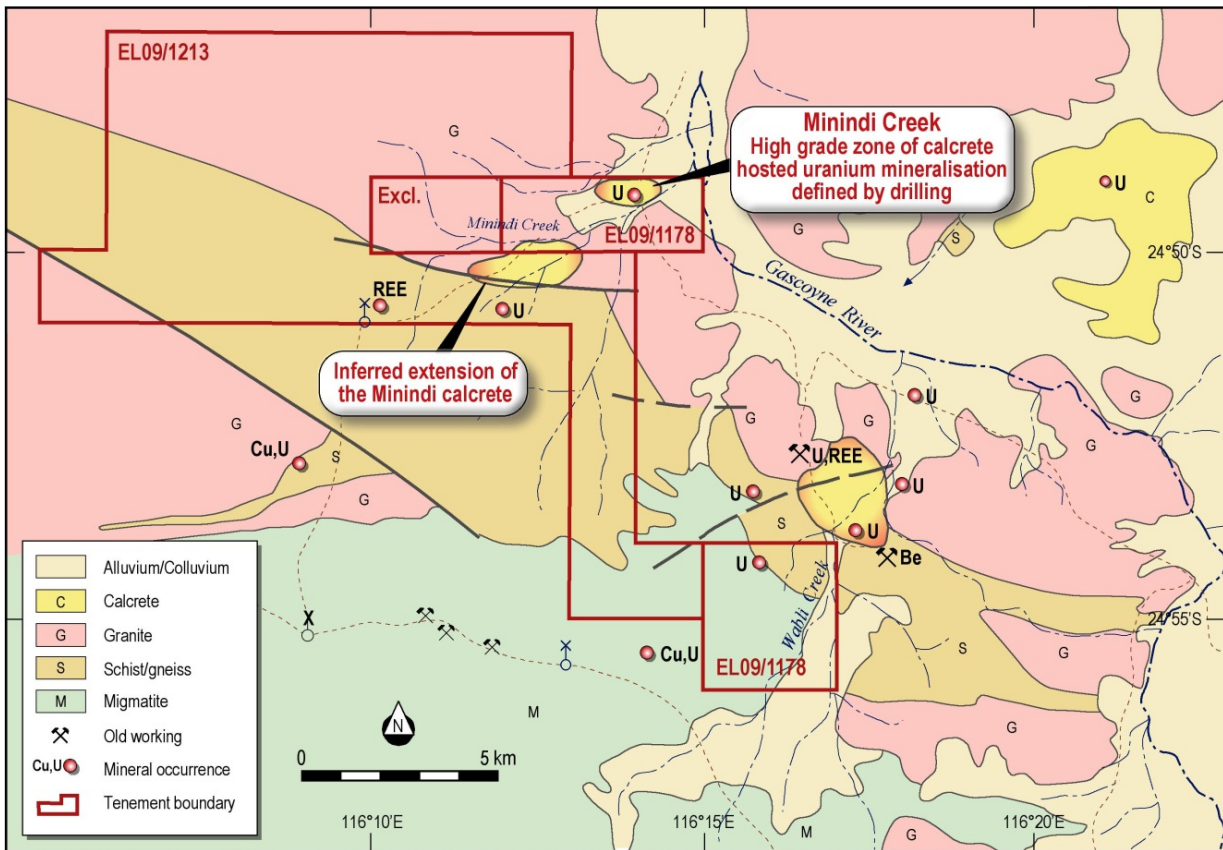


Figure 7: Mango Bore/Wabli Creek Tenement Plan

A summary of the results are included in the table below:

Tenement	Hole No	Coordinates		Depth (m)	Interval (m)	Intersection ppm eU ₃ O ₈		
		E	N				@	
E09/1178	MBRC0 1	421800	7253720	6.0	2.41 - 2.81	0.40m	@	206.7
					3.33 - 3.93	0.60m	@	375.2
E09/1178	MBRC0 3	421780	7253525	6.0	1.57 - 1.85	0.28m	@	218.8
					2.03 - 2.73	0.70m	@	215.4
E09/1178	MBRC0 4	421640	7253420	12.0	2.90 - 4.66	1.76m	@	414.7
E09/1178	MBRC0 5	421625	7253510	12.0	1.84 - 2.16	0.32m	@	185.4
					3.36 - 3.84	0.48m	@	185.1
					3.94 - 4.46	0.52m	@	215.2
E09/1178	MBRC0 7	421620	7253700	9.0	5.83 - 6.57	0.74m	@	369.6
E09/1213	MBRC2 5	419750	7252420	12.0	1.42 - 2.10	0.68m	@	231.7
					3.20 - 3.46	0.26m	@	169.3
E09/1213	MBRC2 8	420475	7252320	12.0	3.30 - 4.30	1.00m	@	239.9

					4.52 - 4.80	0.28m	@	197.9
					5.18 - 5.44	0.26m	@	174.0
E09/1213	MBRC2 9	421080	7253020	12.0	0.28 - 1.36	1.08m	@	339.8
E09/1178	MBRC3 1	421300	7253410	10.5	4.28 - 5.50	1.22m	@	252.2

QUEENSLAND

Ardmore

The Ardmore project consists of the tenement EPM15006, in the Mt Isa area, Queensland, close to Dajarra Township. (Figure 8)

The Ardmore Project hosts interesting occurrences of uranium mineralisation. Past radiometric, sampling and drilling results indicated prospective areas, mostly in the eastern part of the tenement (the Black Sunday anomaly).

The host rock for uranium mineralisation in Ardmore is the Eastern Creek Volcanic unit (western area), composed of mafic volcanic rocks, intercalated with sediments, and the mafic component of the Mount Guide Quartzite (eastern area), composed mainly of quartz-arenite, quartzite, and minor arkose, intra-layered and intruded by mafic rocks.

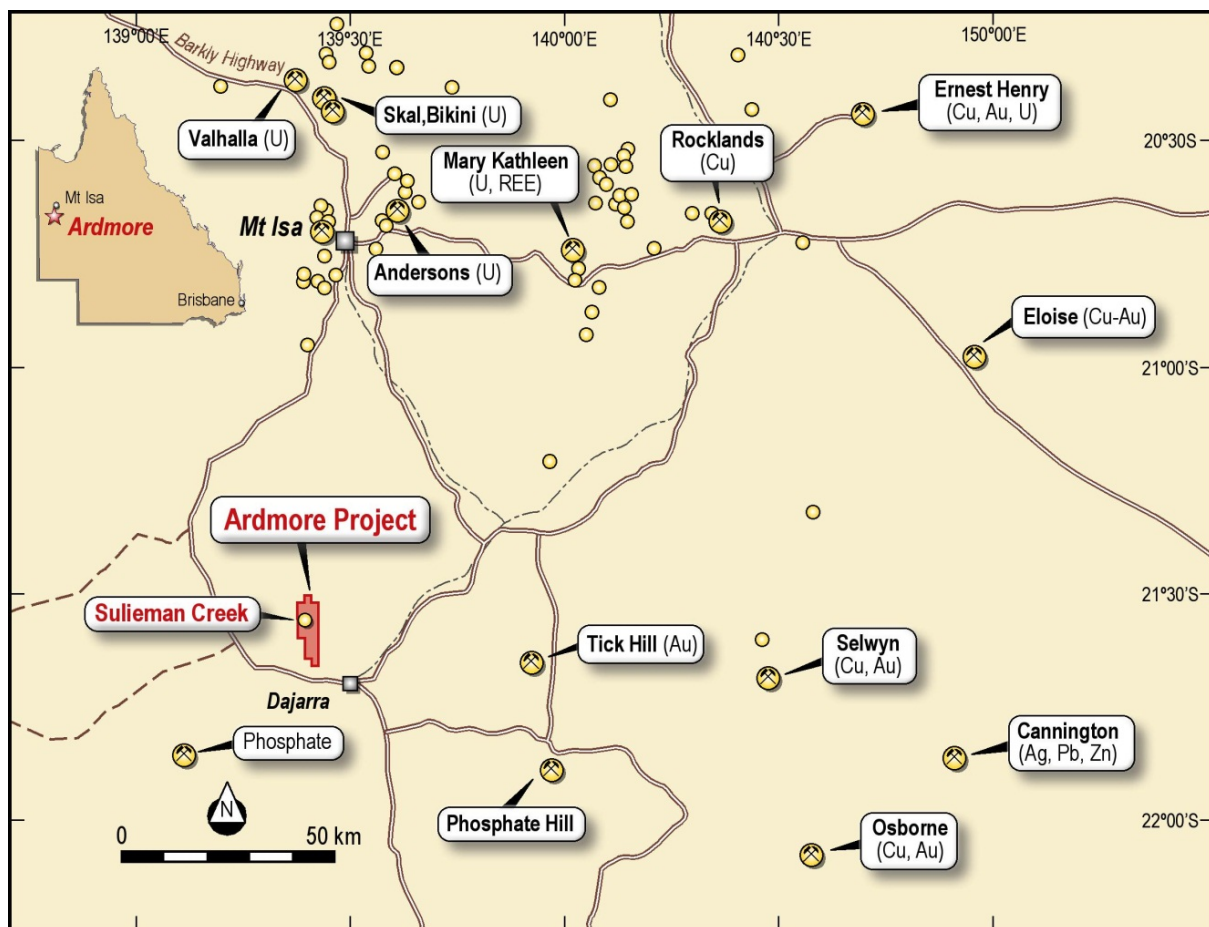


Figure 8: Location of Ardmore Project, Queensland

Ardmore (continued)

Early in its tenure in the area, Avocet flew a detailed magnetic and radiometric survey over the tenement area.

Subsequently, the Company has also completed ground radiometrics, rock chip sampling and two phases of reverse circulation drilling on radiometric anomalies parallel to, but to the west of Black Sunday. Some significant drill intersections were returned from those programmes including:

ARC004	3m@ 702ppm	U ₃ O ₈ from 17 metres
ARC005	5m@708ppm	U ₃ O ₈ from 87 metres
ARC010	1m@1545ppm	U ₃ O ₈ from 21 metres
ARC018	9m@752ppm	U ₃ O ₈ from 26 metres
ARC021	5m@686ppm	U ₃ O ₈ from 45 metres
and	3m@908ppm	U ₃ O ₈ from 55 metres

Late in 2012, Avocet's consultants were commissioned to carry out structural and geological mapping as well as soil sampling over two prospective areas on EPM15006.

Brittle and ductile deformation features were found in the Eastern Creek Volcanics and the Mount Guide Quartzite. Two ductile deformation phases were distinguished producing first N-S trending foliation and then E-W trending crenulation cleavage. Two different sets of conjugated fractures indicate two phases of brittle deformation.

Quartz veins were common in the western area of the exploration licence. They vary from a few to tens of metres wide and tens to hundreds of metres long.

A total of 123 soil samples and five rock samples of quartz veins were collected. Soil samples were taken over a western area which covers three radiometric anomalies worked on during 2010/2011, and an eastern area which covers the historic Black Sunday prospect and extends in strike to the north and south. The rock samples were collected from quartz veins, mostly in proximity to shear zones in mafic host rocks. All samples were submitted to ALS for multi-element geochemical analysis.

Most soil samples returned relatively low uranium concentrations. The highest result (67ppm U) is from a sample south of the Black Sunday Prospect. For a more significant outcome, a detailed sampling grid will have to be established and soil samples collected on a closer spacing.

The rock chip samples did not reveal any anomalous uranium or gold values related to quartz veins.

Future work will comprise a detailed ground radiometric survey over the Black Sunday prospect and soil sampling along a more detailed grid.

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 9) 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.

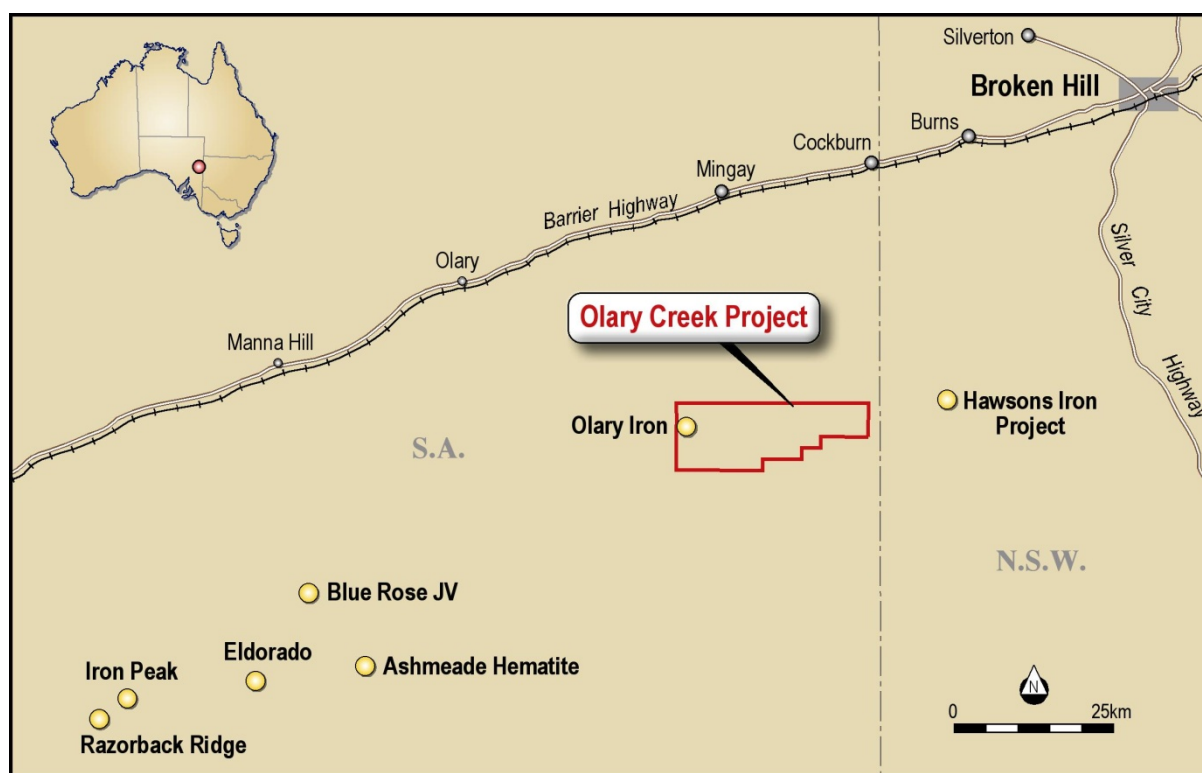


Figure 9: Location of the Olary Project

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. In all, 55 holes were drilled over the two programmes for a total advance of 16,241.3 metres.

Olary Creek (continued)

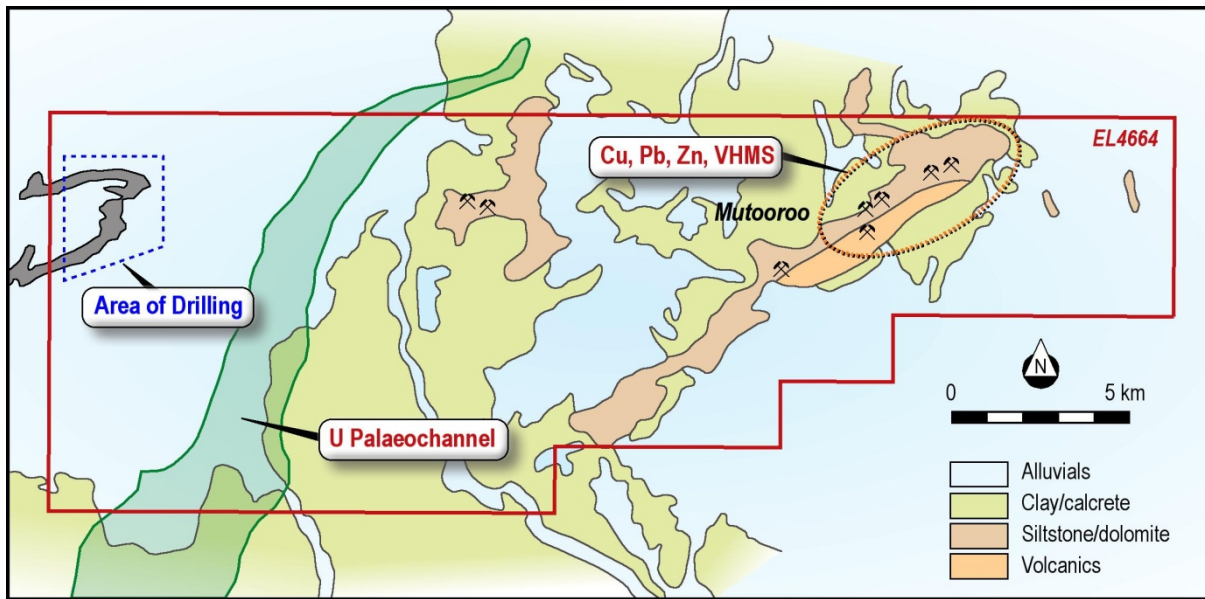


Figure 10: Geological Overview of the Project Area and Potential Economic Mineralisation

The Olary Creek drilling programmes have targeted a small portion of the siltstone hosted Braemar Iron Formation which is highly prospective for bulk magnetite iron ore deposits in the region (Figure 10). 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 11 highlights all holes completed in these two drilling programmes.

The interpretation of the ground magnetic survey completed in 2011, highlighted three magnetic layers, arbitrarily named layers 1 to 3 (Figure 11). Iron ore layer 1 is the primary layer of interest for this exploration drilling to date, being the thickest, strongest magnetic susceptibility and most consistent unit from the magnetic survey.

Avocet's Joint Venture partners have indicated they intend to complete a resource calculation and commence a feasibility study on the Olary Creek project in 2013.

Olary Creek (continued)

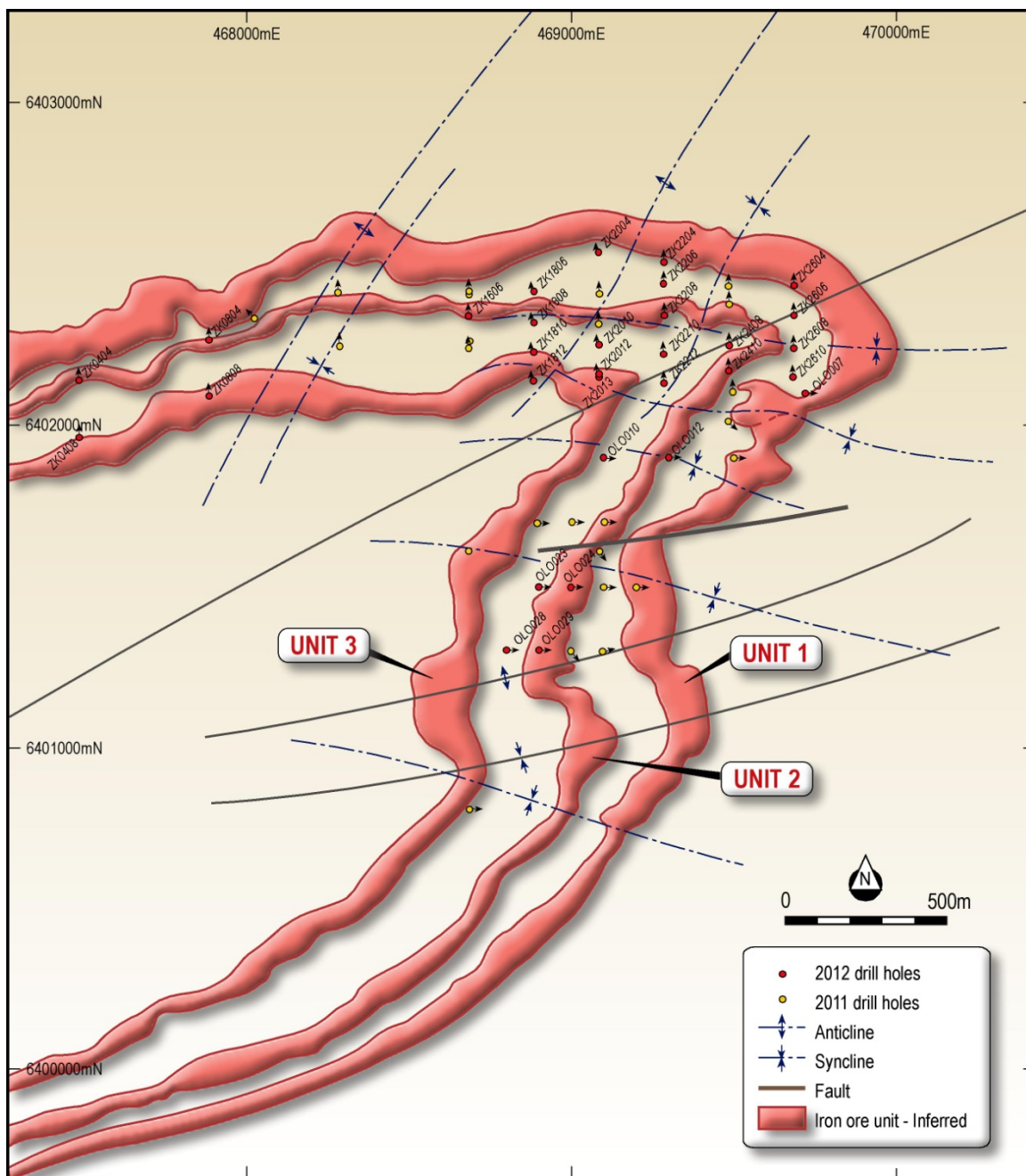


Figure 11: Location of 2011, 2012 Drilling programme showing the extent of the main mineralised units

SOUTH AMERICA

Argentina

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

In December 2011, Avocet announced that it had signed the Sierra Cuadrada Heads of Agreement with Canadian based U3O8 Corp, an unrelated company focussed on exploration and resource expansion in South America. The project was to focus on sandstone hosted uranium mineralisation which occurs in the district.



Figure 12: Location of Avocet's Projects in Argentina

Cerro Chacon JV

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 (Figure 13) 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 values to 9.8g/t Au.

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.

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.

Avocet has commenced geological mapping and sampling, ground magnetics and ground IP surveys at Cerro Chacon and intends to accelerate its exploration activities in the area during the next six months. Two additional tenements have been requested adjoining the Cerro Chacon JV as mapping and reconnaissance in the area has identified further zones of epithermal veining.

(i) Ground Magnetic Survey

A trial ground magnetic survey has been completed over one of the many epithermal vein sets at Cerro Chacon. In all, 25 line kilometres of surveying has been completed on a 200 x 50metre grid. Processing of this magnetic data has yet to be undertaken.

(ii) Ground IP Survey

A detailed ground Induced Polarisation (IP) Survey is being carried out over the same grid as the magnetic survey. The survey is being carried out in January and February 2013, but results have yet to be received.

IP has commonly returned good results and identified anomalies in this style of mineralisation in Patagonia.

(iii) Geological Mapping and Geochemical Sampling

A programme of detailed geological mapping and geochemical sampling was initiated over the project area during December and then continued through January and February 2013.

Up to 1000 samples are being collected and assayed for a range of elements including gold and silver, and many of the pathfinders associated with this style of low sulphidation epithermal mineralisation.

Cerro Chacon JV (continued)

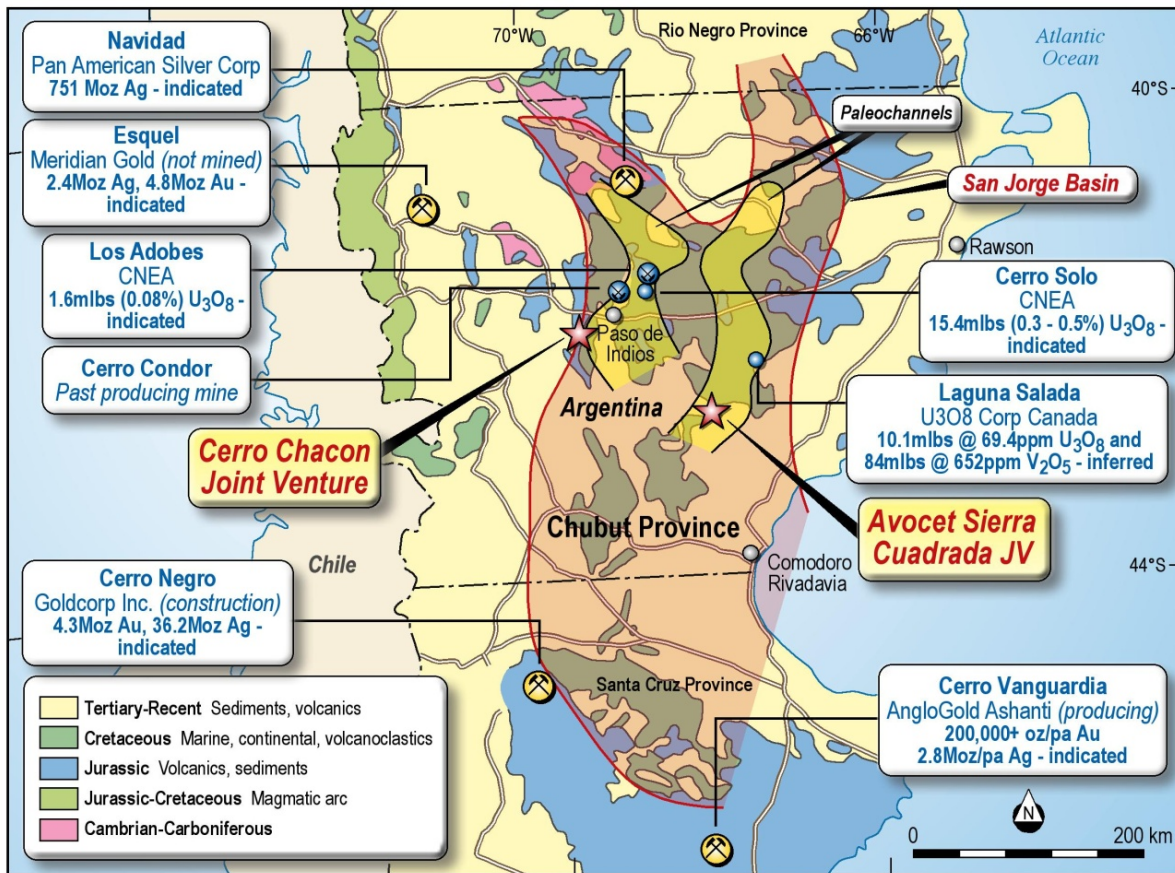


Figure 13: Location of Avocets Projects in Chubut Province of Argentina

Sierra Cuadrada Joint Venture

Piche Resources has signed the Sierra Cuadrada Heads of Agreement with U308 Corporation of Canada in December 2011. The companies are currently finalizing negotiations of the formal Joint Venture Agreement.

The target in the Sierra Cuadrada JV is sandstone hosted uranium mineralisation of Cretaceous age. The tenement area is shown in Figure 14.

Sierra Cuadrada Joint Venture (continued)

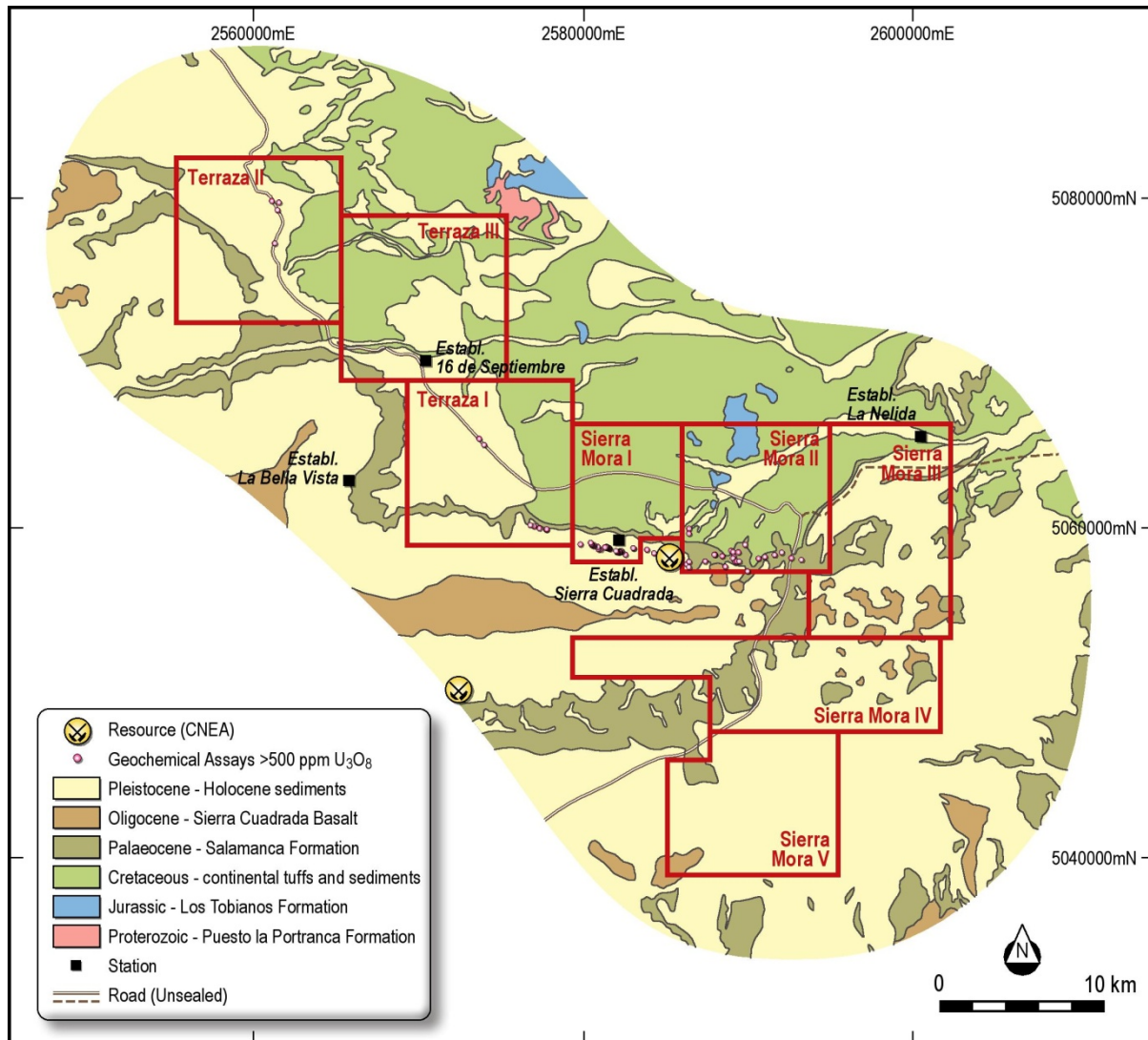


Figure 14: Location of Sierra Cuadrada JV

Extensive surface uranium mineralisation has been recognized on the joint venture project but no systematic exploration has been undertaken on the project to date.

It is expected that a detailed exploration programme will be completed on the project area in 2013.

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



Stephen Mann 14th March 2013
Managing Director

Perth, WA

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.

DIRECTORS' REPORT

The directors present their report together with the financial report for the six months ended 31 December 2012 and the audit review thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
Philip Lucas	Director since 2005
Stephen Mann	Director since 2006
Stanley Macdonald	Director since 2005

PRINCIPAL ACTIVITIES

The principal activity of the Group during the interim period was uranium, iron ore and gold/silver exploration.

RESULTS

The net loss of the Group for the interim period after income tax expense was \$2,688,807 (2011 loss: \$609,649).

DIVIDENDS

No dividend was paid during the interim period and the directors do not recommend payment of a dividend.

DIRECTOR'S REMUNERATION

From 1 June 2012 non-executive directors agreed to waive their right to non-executive directors' fees. At the date of this decision, non-executive directors' fees were owed for April and May 2012, and these payments were accrued at 30 June 2012.

Subsequent to 30 June 2012, non-executive directors agreed to also waive their accrued fees effective from 1 April 2012 which resulted in a credit in non-executive fees that had been accrued to this date.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Avocet Resources Limited support and have adhered to the principles of good corporate governance. The Group's corporate governance statement is contained within the 30 June 2012 Annual Report and on the Company's web site.

SUBSEQUENT EVENTS

On 21 December 2012 the Company executed a Merger Implementation Agreement (MIA) with Lion One Metals, pursuant to which Lion One proposes to acquire all the issued shares in Avocet.

Under the proposed merger, Avocet shareholders will receive 1 Lion One share for every 9.5 Avocet shares they hold. Based on the closing price of Lion One at the date of execution the merger implies an offer price of A\$0.072 per Avocet share, representing a 28.73% premium to the closing price of Avocet shares on 20 December 2012, and a 28.07% premium to the 60 day VWAP price.

On completion of the scheme Avocet shareholders and Lion One shareholders will hold 18.5% and 81.5% respectively of the merged entity.

The merger is subject to a number of conditions precedent including regulatory Australian court, shareholder and third party approvals. The merger is also subject to due diligence by both parties

Other than the matters discussed above, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on the next page and forms part of the directors' report, for the six months ended 31 December 2012.

Dated at Perth this 14th day of March 2013.

Signed in accordance with a resolution of the directors.



STEPHEN MANN
Managing Director



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 review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a flourish at the end.

R Gambitta
Partner

Perth

14 March 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$	30 June 2012 \$
Assets			
Cash and cash equivalents		3,911,430	4,649,733
Other receivables		71,197	155,960
Prepayments		26,144	42,680
Total current assets		4,008,771	4,848,373
Other receivables		88,353	47,461
Property, plant and equipment		44,461	52,260
Exploration and evaluation	6	3,716,488	5,611,196
Total non-current assets		3,849,302	5,710,917
Total assets		7,858,073	10,559,290
Liabilities			
Trade and other payables		148,073	161,077
Employee benefits		70,264	60,671
Total current liabilities		218,337	221,748
Trade and other payables		-	12,000
Employee benefits		32,070	29,069
Total non-current liabilities		32,070	41,069
Total liabilities		250,407	262,817
Net assets		7,607,666	10,296,473
Equity			
Share capital		12,456,865	12,456,865
Reserves		37,500	37,500
Accumulated losses		(4,886,699)	(2,197,892)
Total equity attributable to equity holders of the Company		7,607,666	10,296,473

The notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Note	31 December 2012 \$	31 December 2011 \$
Other income		60,000	60,000
Administrative expenses		(245,329)	(315,489)
Exploration expenditure written off	6	(62,202)	-
Asset impairment	6	(2,387,148)	(478,529)
Other expenses		(140,059)	(44,174)
Results from operating activities		(2,774,738)	(778,192)
Finance income		87,251	156,846
Finance expense		(1,320)	-
Net finance income		85,931	156,846
Loss before income tax		(2,688,807)	(621,346)
Income tax benefit		-	11,697
Loss from continuing operations		(2,688,807)	(609,649)
Loss for the period		(2,688,807)	(609,649)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(2,688,807)	(609,649)
Loss attributable to owners of the Company		(2,688,807)	(609,649)
Total comprehensive loss attributable to owners of the Company		(2,688,807)	(609,649)
Loss per share			
Basic and diluted (cents per share)		(2.55)	(0.58)

The notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Attributable to equity holders of the Company			
	Share capital \$	Equity-based benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012	12,456,865	37,500	(2,197,892)	10,296,473
Total comprehensive loss for the period				
Loss for the period	-	-	(2,688,807)	(2,688,807)
Total other comprehensive loss		-	-	-
Total comprehensive loss for the period	-	-	(2,688,807)	(2,688,807)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of ordinary shares	-	-	-	-
Capital raising costs	-	-	-	-
Share-based payment transactions	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2012	12,456,865	37,500	(4,886,699)	7,607,666

The notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company			
	Share capital \$	Equity-based benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2011	12,456,865	169,816	(71,319)	12,555,362
Total comprehensive loss for the period				
Loss for the period	-	-	(609,649)	(609,649)
Total other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(609,649)	(609,649)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share-based payment transactions	-	(110,000)	110,000	-
Total contributions by and distributions to owners	-	(110,000)	110,000	-
Total changes in ownership interests in subsidiaries	-	-	-	-
Total transactions with owners	-	(110,000)	110,000	-
Balance at 1 December 2011	12,456,865	59,816	(570,968)	11,945,713

The notes are an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	31 December 2012 \$	31 December 2011 \$
Cash flows from operating activities		
Cash receipts from customers	66,000	66,000
Cash paid to suppliers and employees	(447,652)	(510,525)
Net cash used in operating activities	(381,652)	(444,525)
Cash flows from investing activities		
Interest received	97,822	241,253
Acquisition of property, plant and equipment	(1,634)	(10,853)
Payments for exploration, evaluation and development	(452,839)	(567,133)
Net cash used in investing activities	(356,651)	(336,733)
Cash flows from financing activities	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(738,303)	(781,258)
Cash and cash equivalents at 1 July	4,649,733	5,986,731
Cash and cash equivalents at 31 December	3,911,430	5,205,473

The notes are an integral part of these financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

1. REPORTING ENTITY

Avocet Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiary (together referred to as the "Group").

The consolidated financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at Level 2, 55 Carrington Street, Nedlands, Western Australia, 6009 and is available for review on the Company's web site.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. It does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual consolidated financial report of the Group as at and for the year ended 30 June 2012.

The condensed consolidated interim financial report was approved by the Board of Directors on 14 March 2013.

(b) Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2012.

No new accounting policies are expected nor will they be reflected in the Groups financial statements as at and for the year ending 30 June 2013.

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

5. OPERATING SEGMENTS

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

Reconciliations of reportable segment loss and assets

	31 December 2012 \$	31 December 2011 \$
Loss		
Total loss for reportable segments	(2,451,247)	(482,946)
Unallocated amounts: other corporate expenses	(323,491)	(295,246)
Finance expense	(1,320)	-
Finance income	87,251	156,846
	(2,688,807)	(621,346)
	31 December 2012 \$	30 June 2012 \$
Assets		
Total assets for reportable segments	3,726,008	5,622,757
Other assets	4,132,065	4,936,533
	7,858,073	10,559,290
Liabilities		
Total liabilities for reportable segments	(72,500)	(66,815)
Other liabilities	(177,907)	(196,002)
	(250,407)	(262,817)

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2012.

6. EXPLORATION AND EVALUATION EXPENDITURE

	Note	31 December 2012 \$	30 June 2012 \$
Costs carried forward in respect of areas of interest:			
Exploration and evaluation expenditure		3,716,488	5,611,196
Movements for the period:			
Exploration and evaluation expenditure			
Opening balance		5,611,196	6,640,472
Additions		554,642	808,516
Government grants		-	(25,000)
Joint venture farm-out receipts		-	(50,000)
Impairment		(62,202)	(1,762,792)
Asset Impairment	(i)	(2,387,148)	-
		3,716,488	5,611,196

- (i) The impairment of the exploration assets is an accounting adjustment to reflect the difference between the carrying value of the assets and the fair value as indicated by the implied value of the assets as reflected by the terms of the Memorandum of Understanding for the proposed merger of the Company with Lion One Metals Limited.

The Directors are of the view that the amount recognised (post impairment) does not recognise the implicit value to Avocet the merger offers in terms of synergies, economies of scale, increased market capitalisation and increased market exposure of the combined entity, and a reduction in the duplication of roles.

Exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or 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.

7. CONTINGENCIES

The Company has no contingent assets or liabilities.

8. COMMITMENTS

Commitments for approved mineral exploration expenditure are scheduled as follows:

	31 December 2012 \$	31 December 2011 \$
<i>Mineral exploration</i>		
Not later than one year	1,791,790	1,172,000

9. CAPITAL AND RESERVES

(a) Share capital

The number of shares on issue at 31 December 2012 was 105,513,653 (31 December 2011: 105,513,653).

(b) Reserves

The equity-base benefits reserve arises on the grant of equity instruments to key management personnel.

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

From 1 June 2012 non-executive directors agreed to waive their right to non-executive directors' fees. At the date of this decision, non-executive directors' fees were owed for April and May 2012, and these payments were accrued at 30 June 2012.

Subsequent to 30 June 2012, non-executive directors agreed to also waive their accrued fees effective from 1 April 2012 which resulted in a credit in non-executive fees that had been accrued to this date.

11. SUBSEQUENT EVENTS

On 21 December 2012 the Company executed a Merger Implementation Agreement (MIA) with Lion One Metals, pursuant to which Lion One proposes to acquire all the issued shares in Avocet.

Under the proposed merger, Avocet shareholders will receive 1 Lion One share for every 9.5 Avocet shares they hold. Based on the closing price of Lion One at the date of execution the merger implies an offer price of A\$0.072 per Avocet share, representing a 28.73% premium to the closing price of Avocet shares on 20 December 2012, and a 28.07% premium to the 60 day VWAP price.

On completion of the scheme Avocet shareholders and Lion One shareholders will hold 18.5% and 81.5% respectively of the merged entity.

The merger is subject to a number of conditions precedent including regulatory Australian court, shareholder and third party approvals. The merger is also subject to due diligence by both parties

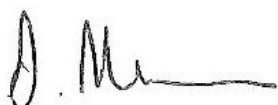
Other than the matters discussed above, there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

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

- (1) the financial statements and notes set out on pages 27 to 35 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



STEPHEN MANN
Managing Director

Dated at Perth this 14th day of March 2013.



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

Report on the financial report

We have reviewed the accompanying interim financial report of Avocet Resources Limited (the Group), which comprises the interim condensed consolidated statement of financial position as at 31 December 2012, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Group are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Avocet Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Avocet Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta
Partner

Perth

14 March 2013