

ASX Release

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CARAJAS COPPER PROJECT DEVELOPMENT UPDATE

HIGHLIGHTS

- In-house conceptual studies continue to illustrate the robustness of a stand-alone high grade starter project at the Rio Verde Property.
- The regulatory process for permitting the project has commenced with granting of a trial mining license anticipated in early 2010.
- Definition of a metallurgical recovery process suitable for the treatment of a high grade +10% copper ore feed is progressing at independent laboratories.
- Recent improvement in the copper price has generated significant interest in the Carajas Copper Project and the Company is discussing possibilities with a number of parties interested in jointly developing the project.

Considerable progress has been made on the feasibility of mining the high grade copper deposit discovered at Antas South. This continues to support the Company's concept for a stand-alone starter project focussed on mining the high grade resources. Evaluation of this concept indicates strong cash flows even when the project is tested at low copper prices. The JORC compliant high grade resource is **210,000t at 11.65% copper.****

- The Company envisages a fast-track approach to the implementation and exploitation of the starter project.
- Recovery process flow sheet design with supporting metallurgical test work report expected during in the coming months.
- Study based on targeted production of 7,000t of copper per year for an initial four year mine life.
- Streamlined permitting applications now well advanced with regulatory approval expected to be in place during early 2010.
- Opportunities for in country copper sales exist and may attract premiums on LME copper price. Discussions with potential off-take buyers underway.
- Capex for development of the project to be finalised on receipt of flow sheet design. Focussed on a low Capex project start-up.
- Further drilling critical to increases and upgrading the high grade resource into the measured and indicated categories.



The Antas South Deposit is located on the Rio Verde Property in the World Class Carajas Mineral Province. The premier location will facilitate fast-tracking of Avanco's starter project.



Rapid development the High Grade Starter Project will place Avanco in a strong position to benefit from increasing copper prices.

- Additional high grade copper ore opportunities have been identified that are potential sources of feed to a centrally located plant.

The Rio Verde Property is located in a premier location for the development of a mining project and is close to sealed roads and power supplies. The Antas South Deposit is located approximately 28 kilometres from Parauapebas, the Carajas regional capital with a population in excess of 180,000.

Potential savings and flexibility associated with new port and shipload facilities to be constructed only 180km from Rio Verde has yet to be factored into the off-take options and economics of the project.

CORPORATE

The Company is in undertaking discussions with a number of potential partners to jointly develop the Antas South Deposit. Exploitation of the starter project will allow Avanco to operate economically throughout times of week copper prices while having up-side exposure through its larger lower grade JORC resource to any improvements in prices.

Avanco has maintained a strong technical presence in Brazil and a base in Parauapebas. The Company is well positioned to take advantage of new opportunities in the Carajas Province as they arise.

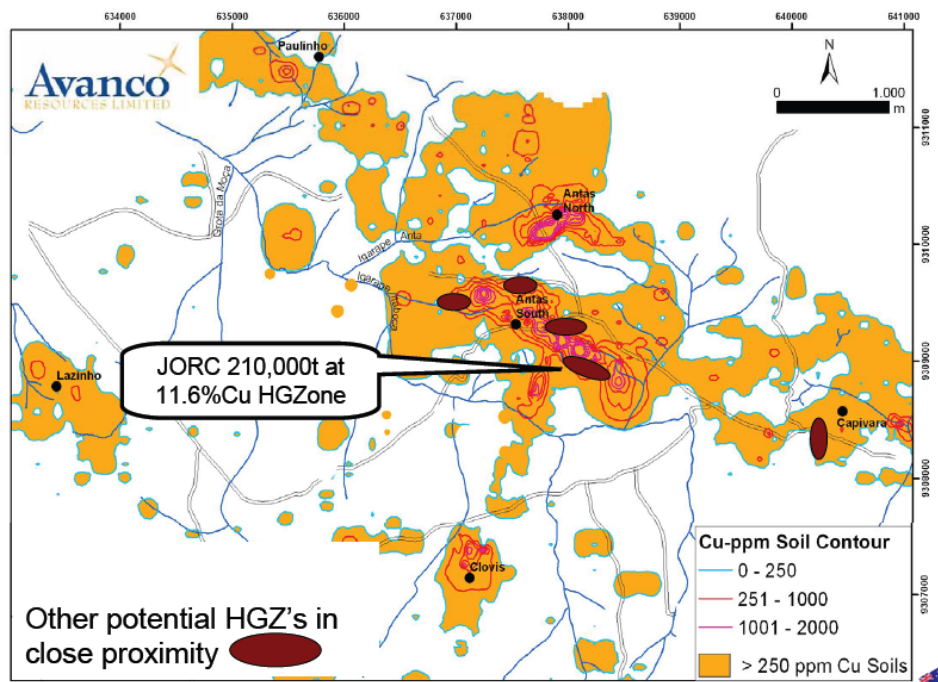
The information in this report that relates to mineral resources or ore resources is based on information compiled by Mr. Peter Ball who is a member of the Australian Institute of Mining and Metallurgy. Mr. Ball is the manager of Data Geo. Mr. Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr. Ball consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources and Exploration Results are based on information compiled by Mr Matthew Wood who is a Member of the Australian Institute of Mining and Metallurgy. Mr Wood is the Chairman of Avanco Resources Limited. Mr Wood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**	Indicated		Inferred		Total Resource		
Cu Cut %	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Cu Tonnes
0.1	12,662,000	0.45	4,961,000	0.56	17,622,000	0.48	84,400
0.3	6,254,000	0.71	1,723,000	1.27	7,977,000	0.83	66,100
HGZ	89,000	12.72	121,000	10.87	210,000	11.65	24,500



HGZone - JORC 210,000t at 11.6%Cu



RIO VERDE - MORE POTENTIAL HIGH GRADE ZONES

