

ASX Release

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AVANCO RESOURCES LIMITED

Level 1 / 33 Richardson Street
West Perth , Australia WA 6872
Tel: +61 8 9321 6600
Fax: +61 8 9200 4469

Contact:

Tony Polglase
Executive Director

E-mail: info@avancoresources.com

Tel: +61 8 9321 6600

For the latest news:

www.avancoresources.com

Directors / Officers:

Matthew Wood
Tony Polglase
Scott Funston
Antonio Madalosso

ASX Symbol: AVB, AVBO, AVBOB



**Current Diamond Drilling at
Touro Nickel Project in Carajas
Brazil**

BRAZIL EXPLORATION UPDATE

HIGHLIGHTS

- **The Company is very pleased to advise that it has entered into a binding letter of intent to acquire the Guapore Nickel Copper PGM Project. The Project is situated in a highly prospective region for the discovery of new nickel sulphide deposits.**
- **The acquisition of Guapore Project is a further expansion to Avanco's portfolio of highly prospective nickel and copper projects.**
- **Drilling is well advanced at the Touro Nickel Project in the Carajas with assays expected in the coming weeks.**
- **Avanco is pushing ahead with the development scenario for the Rio Verde Copper Project and should soon be able to announce the granting of a Trial Mining Licence.**
- **The Company has recently announced a fully underwritten non renounceable entitlements issue to raise \$5,112,323.**

GUAPORE NICKEL COPPER PGM PROJECT

The Guapore Nickel Copper PGM Project is located in the south west of Mato Grosso State close to the Brazilian and Bolivian border. The site features excellent access and is 350 kilometres from Cuiaba, the state Capital. The Project comprises a single contiguous exploration licence application of over 9,800ha.

A strong magnetic anomaly occurs within the project area and is interpreted to be a differentiated mafic ultramafic sill associated with the Rio Alegre Intrusive Suite. The analytic signal magnetic image defines a strong magnetic anomaly with a sub circular shape, measuring 8.0 by 7.0 kilometres and structurally controlled by a north west trending thrust system. Nickel and copper sulphide mineralisation (chalcopyrite, pyrite, pyrrhotite, pentlandite) hosted by serpentinised peridotite was recorded on a past drilling program on a similar intrusive body to the north of the Guapore Project. The transaction for the Guapore Project is subject to satisfactory due diligence which is well advanced.

TOURO NICKEL PROJECT DRILLING PROGRAMME

Minor delays have been experienced with the diamond core drilling programme at the Touro Nickel Project due to weather and access. A total of four new diamond core drill holes have now been completed for 720 metres. Drilling has intersected a number of zones of magnetic



Sulphide mineralisation identified within drill intersects at the Touro Nickel Project.



Touro Nickel Project - sulphide mineralised drill core from the current drilling programme.

banded pyroxenite with disseminated fine sulphides. Assays results are expected over the coming weeks.

RIO VERDE COPPER PROJECT

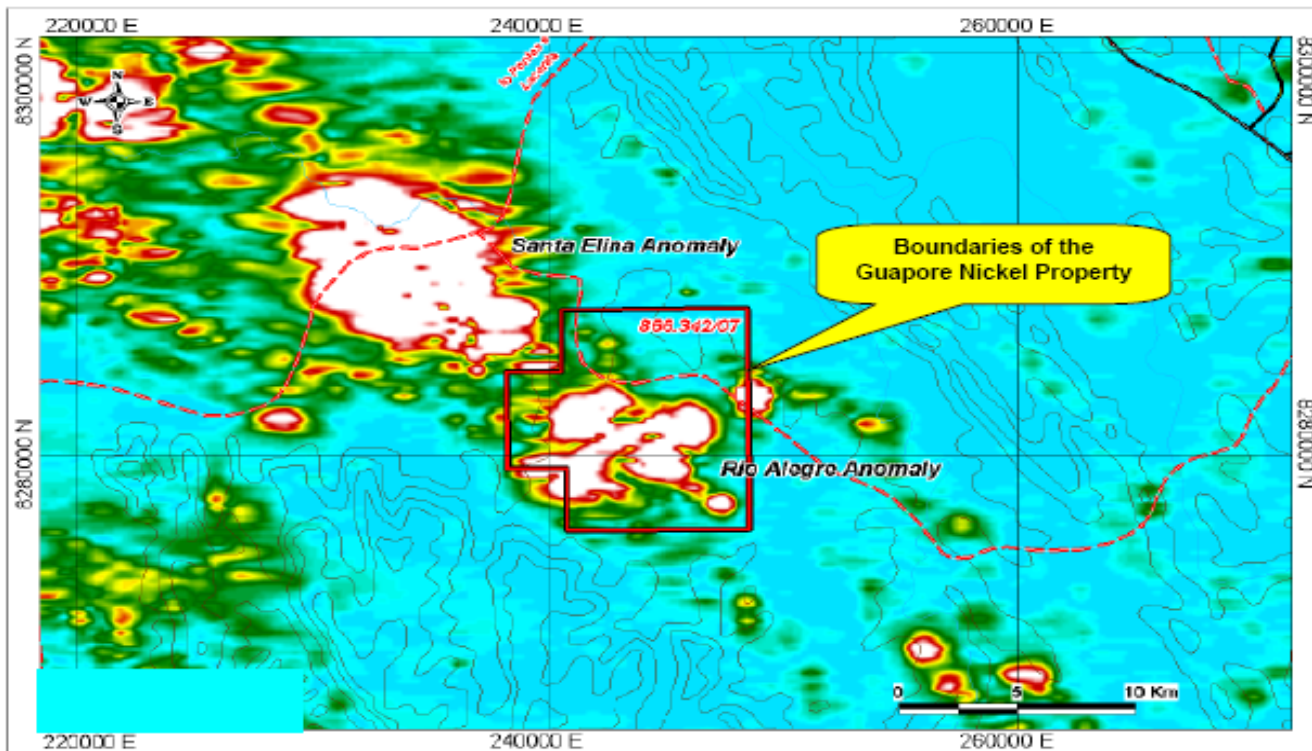
The Company is on track with the development and regulatory permitting of the Rio Verde High Grade Copper Project and strong news flow is anticipated over the coming weeks. With the outlook for copper improving, Avanco is currently evaluating additional known high grade copper prospects on the Rio Verde and Serra Verde licenses. Negotiations to acquire additional Carajas copper properties are at an advanced stage with details expected to be available in the coming months.

CORPORATE

The Company has recently announced a non renounceable entitlements issue of approximately 204,492,947 shares at an issue price of 2.5 cents each, on the basis of two (2) shares for every three (3) shares held on the record date, together with one (1) free attaching option for every five (5) shares applied for and allotted, to raise approximately \$5,112,323 (**Offer**). The offer is fully underwritten by CPS Securities.

- Funds raised will ensure that the Carajas Copper Project is advanced to a production decision in 2010.
- Funds raised will allow for the completion of the current drill testing of the Touro Nickel Sulphide Project
- Funds raised will allow for the evaluation and acquisition of additional copper and nickel projects in Brazil.
- Shareholders will be able to maintain exposure to the Company's highly prospective properties in the World Class Carajas Province of Brazil including the high grade Carajas Copper Project where the Company has previously published an inferred and indicated JORC Resource of 210,000t at 11.65% copper, containing 24,400t of copper.
- The attaching options will be the existing (AVBOB) class of option and the Company will apply to have these options listed on the ASX

Tony Polglase
Executive Director



Magnetic anomaly interpreted to be a differentiated mafic ultramafic sill.

Table 1 Maiden JORC Resource Estimate - Carajas Copper Project

Antas South Deposit* - Oxide and Transitional							
All Material	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

*Antas South is part of the Carajas Copper Project - Rio Verde Property. **The HGZ (High Grade Zone) is included within the overall estimation and no top-cut has been applied to the resource in this zone

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.