

ASX Release

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ASX Symbol: AVB, AVBO, AVBOB



Previous RC drilling at Rio Verde

DRILLING COMMENCED AT THE RIO VERDE COPPER PROJECT

The Company is very pleased to report that it has commenced diamond core drilling at its 100% owned Rio Verde high grade copper project in the Carajas region of Brazil. The drill program will target collection of metallurgical samples and increasing the resource confidence to measured and indicated categories.

HIGHLIGHTS

- **Diamond core drilling has commenced at the Rio Verde high grade copper project Antas South Deposit for recovery of representative samples required for definitive metallurgical test work.**
- **The current drill programme is also expected to increase and upgrade the current resource to the measured and indicated categories.**
- **In 2008 Avanco completed 138 holes for ~8,400m of drilling and published a maiden Inferred and Indicated JORC compliant resource for the Antas South Deposit in 2009 illustrating:**

An Exceptionally high grade inferred and indicated JORC compliant resource of:
210,000t at 11.65% copper containing 24,400t of copper.

At a 0.3% copper cut-off the global copper oxide inferred and indicated JORC compliant resource is:

8 Mt at 0.83% copper containing 66,100t of copper.

At 0.1% copper cut-off the global copper oxide inferred and indicated JORC compliant resource is increased to:

Mt at 0.48% copper containing 84,400t of copper.

- **Environmental authorities have recently issued an Operating License for development of the Rio Verde high grade copper project and the Company is progressing towards issue of the Trial Mining permit.**
- **The Company anticipates the Rio Verde Project being moved to a ready to mine status and the "decision to mine" on receipt of the Trial Mining License before the end of 2010.**

RIO VERDE HIGH GRADE COPPER PROJECT

The Company has commenced a ~2,000m diamond core drilling programme at the Antas South Deposit located within the boundaries of the Company's 100% owned Rio Verde Property in Carajas, Brazil.



Diamond drill core from previous drilling at Antas South High Grade Copper Deposit

Antas South High Grade Copper Intersects reported previously

➤ **HOLE ARVA 17**

38m at 7.49%Cu from 0m.
Incl. 14m at 18.99%Cu from 22m.
Incl. 4m at 50.6%Cu from 26m.

➤ **HOLE ARVA 24**

26m at 5.47%Cu from 18m.
Incl. 6m at 21.02%Cu from 32m
Incl. 4m at 28.%Cu from 32m

➤ **HOLE ARVA 49**

20m at 5.12%Cu from 13m.
Incl. 4m at 21.53%Cu from 17m
Incl. 2m at 34.1%Cu from 19m

In 2008 the Company completed 73 diamond drill holes for ~ 5,200m and 65 reverse circulation drill holes for ~3,200m The Company published a maiden inferred and indicated JORC compliant resource estimate for the Antas South Deposit in early 2009 which illustrated:-

An Exceptionally high grade inferred and indicated JORC compliant resource of:
210,000t at 11.65% copper containing 24,400t of copper.

At a 0.3% copper cut-off the global copper oxide inferred and indicated JORC compliant resource is:

8 Mt at 0.83% copper containing 66,100t of copper.

At 0.1% copper cut-off the global copper oxide inferred and indicated JORC compliant resource is increased to:

Mt at 0.48% copper containing 84,400t of copper.

The objective of the current ~2,000m HQ core programme is to recover mineralised core to provide representative samples required for definitive metallurgical test work. Drilling is expected to increase and improve confidence in the current resource by up-grading indicated and inferred resources to the measured and indicated categories. The drill programme will also test an extension to the high grade zone which interpreted to continue on strike to the south west.

The economic viability of mining the high grade copper deposit continues to be evaluated in the progression of the mining study. Key outcomes of the study to date, were reported recently and included:-

Copper Production	~5,000tpa
Capex	US\$12.4M (pre-production US\$2M)
Total Revenue	US\$120M (@ US\$2.5<US\$3.0Lb copper price)
Cash Flow @NPV=0	US\$57M *
Mining & Processing Opex	US\$51/t ore
FOB at Smelter Cost	86c/Lb Cu**
Total Cash Cost	US\$1.7/Lb Cu***

* Before interest and taxes

** Excludes smelter deductions and royalties but includes freight

*** Includes all smelter deductions and royalties, excludes precious metals credits

Regulatory approval of the Operating Licence for the development of the Rio Verde Copper Project in the Carajas has recently been received. The approval constitutes a decision that the Rio Verde Project, including the proposed Antas South high grade copper mine, processing plant and associated infrastructures are environmentally feasible. The Company is now proceeding toward issuance of the Trial Mining Licence after which trial mining can commence.

Antas South is one of six known copper occurrences within the boundaries of Rio Verde Project and the area is highly prospective for new discoveries. Rio Verde is located in a premier location for mine development being close to water, sealed roads and power supplies. The project is located approximately 30 kilometres from the regional mining centre of Parauapebas, with a population in excess of 180,000 and growing.



CORPORATE

The Company is on track with the development and regulatory permitting of the Rio Verde High Grade Copper Project and anticipates the project being moved to a "decision to mine" status with receipt of the Trial Mining License, before end 2010.

Avanco is also examining a number of options to realise greater value from its Carajas portfolio, this includes potential joint venture opportunities at the Touro Nickel Project and the Trindade North Property.

With future nickel exploration planned to continue following completion of the current copper drilling programme, the Company is investigating alternative nickel funding options. The Company has recently signed confidentiality agreements with a number of groups looking at potentially joint funding nickel exploration.

The Trindade North Project is located only kilometers from Vales' World class Carajas Iron Ore Mine. Avanco considers the Trindade North property highly prospective for the discovery of high grade Carajas style iron ore deposits and is also assessing options for this project.

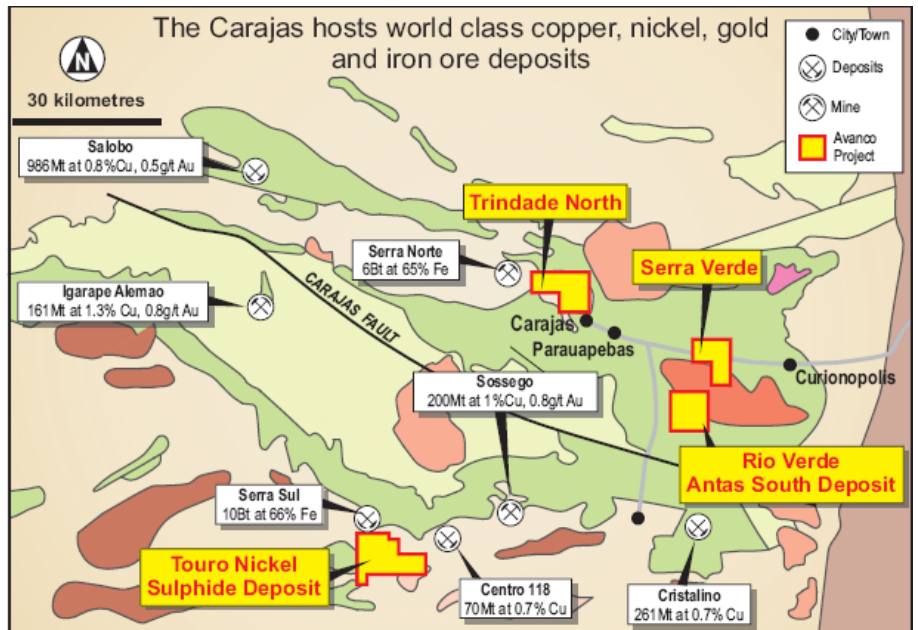
The Company is now in a strong cash position which will enable it to realise near term copper development at the Rio Verde Project whilst co-exploration for nickel sulphides is aggressively pursued.

Negotiations to acquire additional Carajas copper properties are at an advanced stage with details expected to be available in the coming months.

Tony Polglase
Executive Director

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.



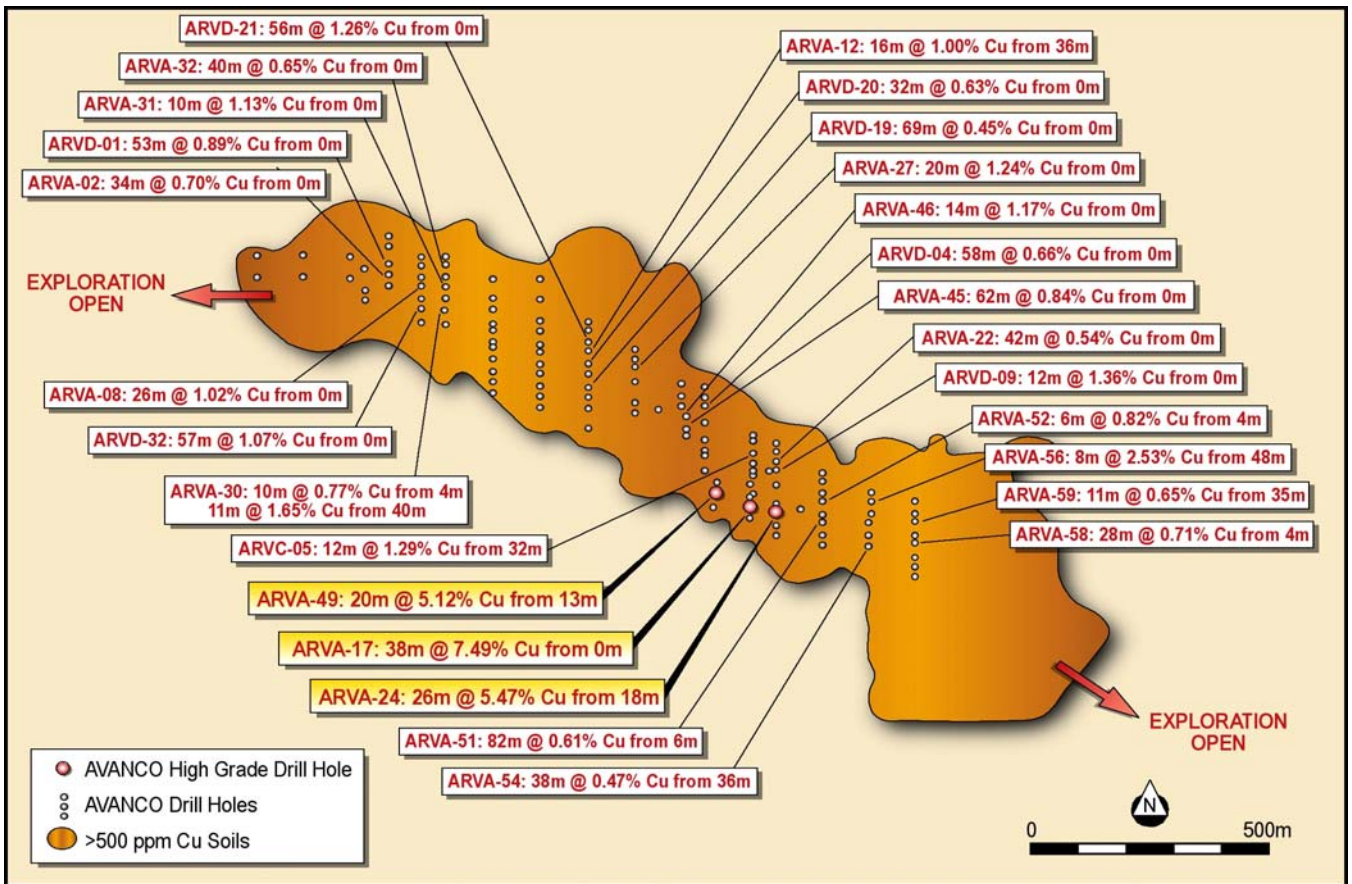
Avanco's portfolio of Carajas Projects

Antas South JORC Compliant Resource Estimate

Antas South Deposit* - Oxide and Transitional							
All Material	Indicated		Inferred		Total Resource		
	Cu 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



Better drill results from the Antas South Deposit as reported previously.