

ASX Release

12 January 2011

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
Colin Jones
Antonio Madalosso

ASX Symbol: AVB, AVBOB



IRON ORE UPDATE

The Company is very pleased to advise that it has obtained the required permissions for drilling at the Trindade North Iron Ore Project in the Carajas. The drill programme will be undertaken by Brazilian major Vale SA (Vale) and rig mobilisation is expected over the coming weeks.

Exploration of Trindade North has been ceded to Vale through the previously reported option agreement¹. On satisfactory completion of drilling, resource determinations and payment of US\$10m to \$40m, Vale will have satisfied conditions precedent and will have earned the right to 100% ownership of Trindade North.

IRON ORE HIGHLIGHTS

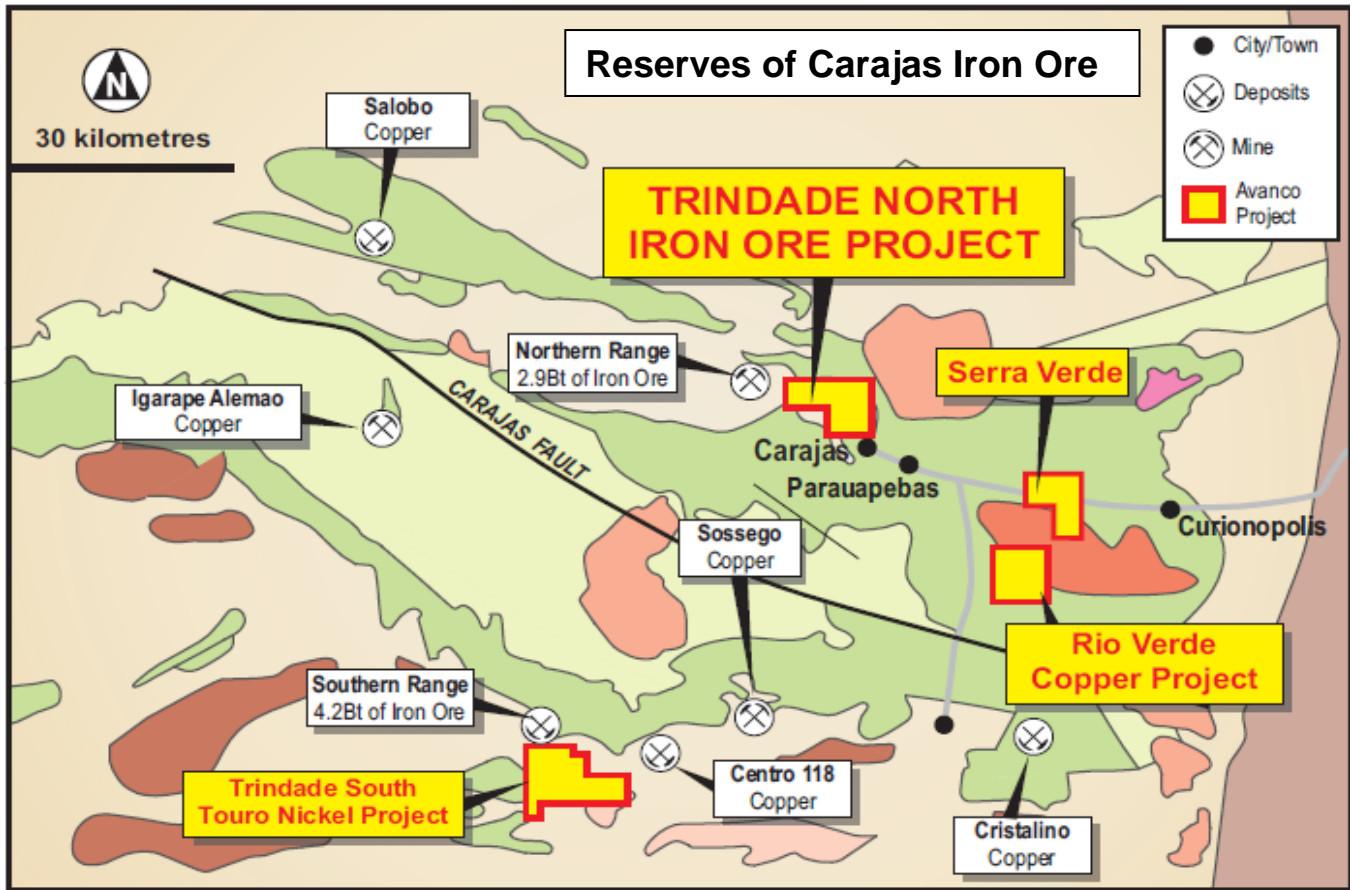
- Trindade North is situated proximal to Vale's giant N4-N5 iron ore mine in the Carajas, Brazil. The area is very prospective for new iron ore discoveries.
- Vale has been granted exclusive exploration rights and can earn the right to exercise an option to acquire sole ownership of the property.
- Vale will advance Avanco US\$250,000 for facilitating drilling permissions.
- The Vale transaction has the potential to deliver significant cash flow to Avanco of US\$10m to US\$40m
- Vale is expected to start drilling soon and regular news is anticipated over the coming months.

EXPLORATION UPDATE

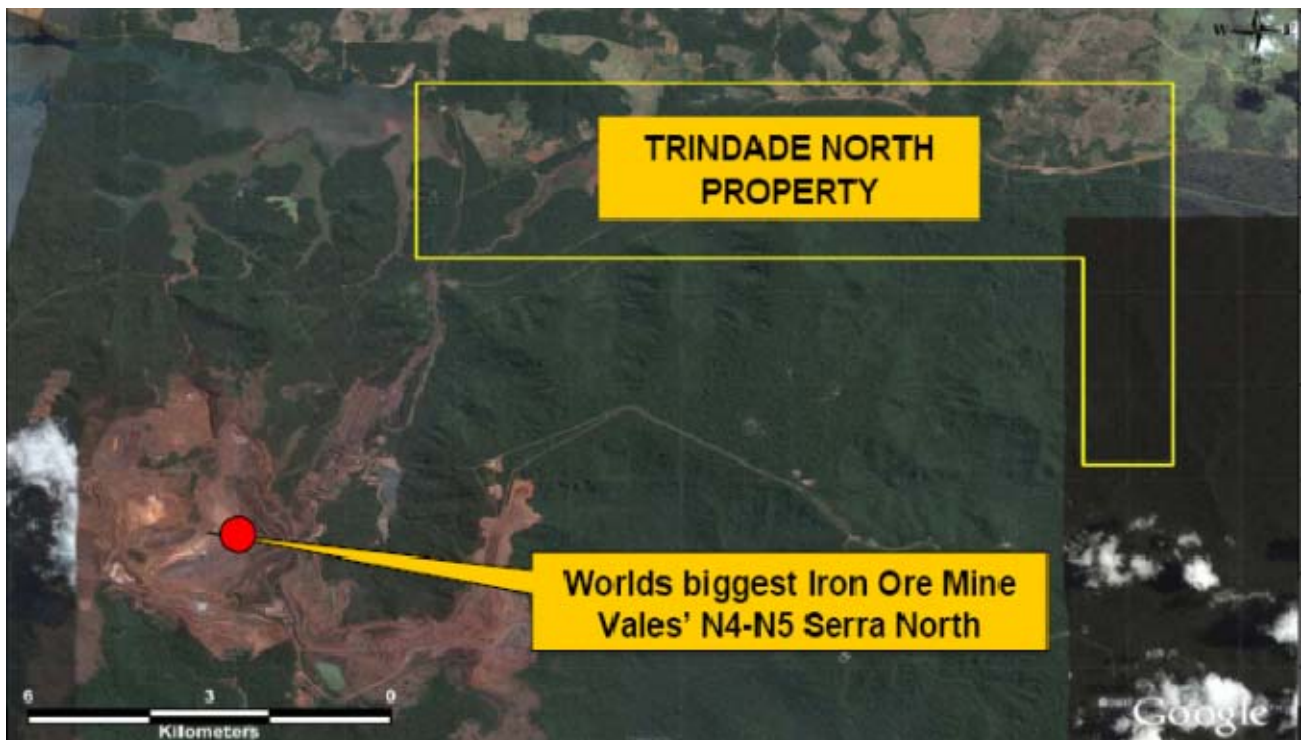
The 50,000m copper and nickel platinum drill programme is ongoing with initial focus on the continued drill out and testing of extensions to the very high grade Antas South copper discovery at the Rio Verde Project. One diamond rig has completed approximately 250m for 4 holes with high concentrations of copper mineralisation logged in some holes. The Ramp up of additional drilling rigs is imminent and will be directed at testing new high value copper targets at Rio Verde and the neighbouring Serra Verde Property.

With drilling activity expanding and a number of new Carajas project developments at an advanced stage of negotiation, significant news flow is anticipated over the coming months.

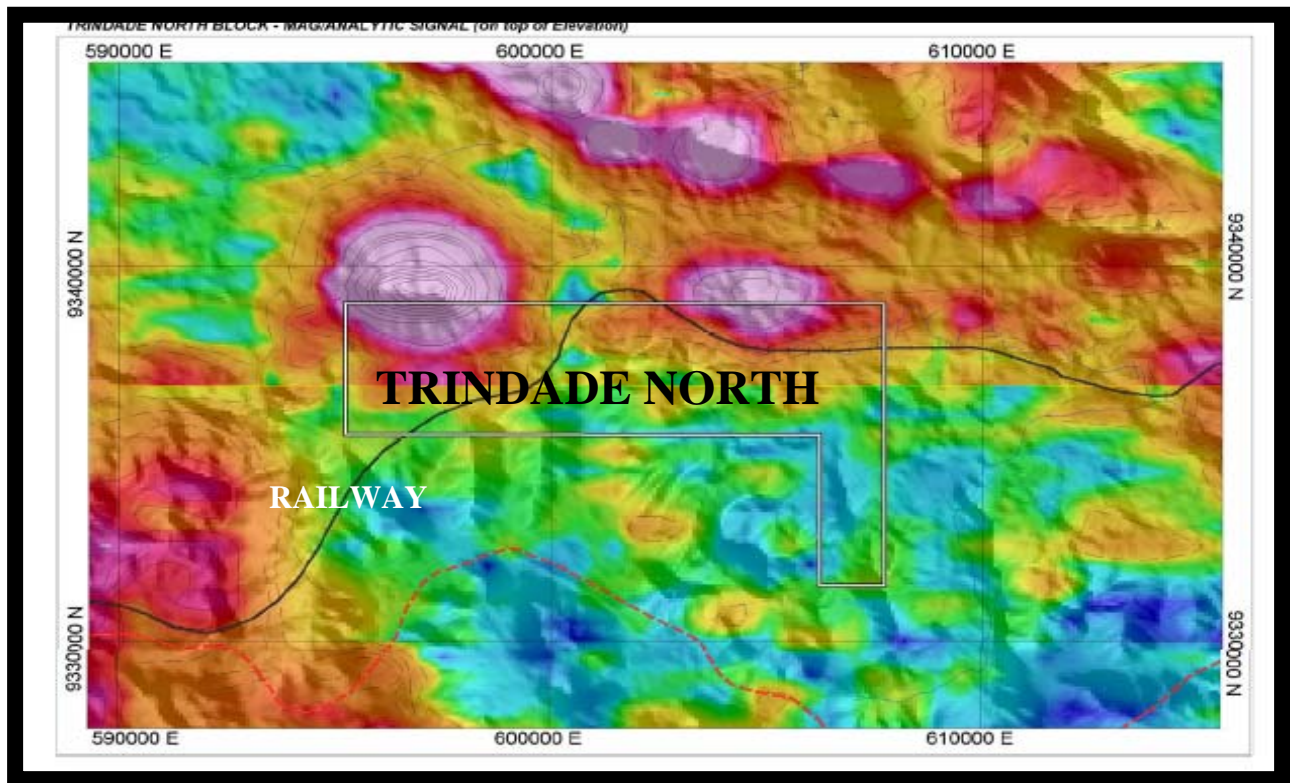
Tony Polglase
Managing Director



The Carajas Mineral Province hosts the highest concentration of high quality iron ore globally, Vale SA. dominates the region.



Land satellite image showing the boundaries of Avanco's Trindade North Iron Ore Property.



Regional magnetic analytical signal map indicating two geophysical anomalies interpreted to be due to the presence of Banded Iron Formation (BIF).

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.

*¹ ASX Announcement "Vale Acquires Option over Avanco Iron Ore Project", 19 August 2010 and ASX Announcement "Iron Ore Project Up-date", 29 September 2010.