

## ASX Release

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Monday 12 January 2009

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For the latest news:

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#### Directors / Officers:

Matthew Wood  
Tony Polglase  
Colin Jones  
Wayne Phillips  
Scott Funston  
Antonio Madalosso

#### Issued Capital:

70.4 million shares  
70.4 million (\$0.20) options

ASX Symbol: AVB, AVBO

# MAIDEN JORC RESOURCE CARAJAS COPPER PROJECT

The Company is very pleased to report its maiden JORC resource estimate for the Antas South Deposit in the Carajas Province of Brazil. This is an exceptional result for the Company and is only the first of six copper targets to be drilled on the Company's 100% owned Rio Verde Property.

## HIGHLIGHTS

- An exceptionally high grade JORC resource of:  
**210,000t at 11.65% copper, containing 24,400t of copper.**
- At a 0.3% copper cut-off the global copper oxide JORC resource is:  
**8.0 Mt at 0.83% copper, containing 66,100t of copper.**
- At a 0.1% copper cut-off the global copper oxide JORC resource increases to:  
**17.6 Mt at 0.48% copper, containing 84,400t of copper.**
- Copper mineralisation is delineated over a strike length of two kilometres and is open along strike. There is considerable potential to significantly add to the existing resources through further drilling at Antas South and five additional key satellite targets.
- The Antas South Deposit is amenable to free dig mining from shallow open pits.
- The Company is investigating the potential associated with the high grade resource to support a "starter" copper project. Initial evaluation of the starter project indicates potential for strong cash flows (at prevailing low copper prices) with revenues re-invested to self finance the implementation and development of the main 10,000tpa copper cathode heap-leach SX-EW phase.
- The Company is now targeting 20Mt of copper oxide resources on the Rio Verde Property. Additional potential associated with sulphide and precious metals mineralisation is being investigated.





Copper mineralisation in RC drill chips from Antas South.

### HGZ Exceptional Results:

#### Hole ARVA-17

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

#### Hole ARVA-24

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

#### Hole ARVA-49

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

**Over 300m of High Grade Strike and further High Grade Zone discoveries anticipated.**

**The HGZ has potential to support a stand-alone “starter” project.**

## AVANCO'S JORC MAIDEN COPPER RESOURCE ESTIMATE FOR THE ANTAS SOUTH DEPOSIT

The resource estimate for the Antas South Deposit is based on the results of 73 diamond core (DD) holes for ~5,200m and 65 Reverse circulation (RC) holes for ~3,200m. The aforementioned holes were drilled by Avanco during the period January to August 2008.

Detailed resource modeling has been completed and has comprised:

- Geological modeling
- Data base validation
- Wire-framing and resource estimation

The copper grade has been estimated into a block model by mineralisation domain using inverse distance (to the power of 2) techniques from composited drill hole data. Both uncut and top-cut estimates were made. The Mineral Resource has been classified as Indicated and Inferred based on geological continuity, error of estimation and number of composites/holes used in the estimation. A series of cut-off grades were applied to simulate various potential mining head grades allowing for dilution, ore loss and metal recovery. Density has been accessed by position in the weathering profile and with reference to the mineralogy.

The Indicated and Inferred maiden JORC Resource for the Antas South Deposit is shown in Table 1.

Table 1 Maiden JORC Resource Estimate - Carajas Copper Project

<b>Antas South Deposit* - Oxide and Transitional</b>							
<b>All Material</b>	<b>Indicated</b>		<b>Inferred</b>		<b>Total Resource</b>		
<b>Cu Cut %</b>	<b>Tonnes</b>	<b>Cu%</b>	<b>Tonnes</b>	<b>Cu%</b>	<b>Tonnes</b>	<b>Cu%</b>	<b>Cu Tonnes</b>
<b>0.1</b>	<b>12,662,000</b>	<b>0.45</b>	<b>4,961,000</b>	<b>0.56</b>	<b>17,622,000</b>	<b>0.48</b>	<b>84,400</b>
<b>0.3</b>	<b>6,254,000</b>	<b>0.71</b>	<b>1,723,000</b>	<b>1.27</b>	<b>7,977,000</b>	<b>0.83</b>	<b>66,100</b>
<b>HGZ**</b>	<b>89,000</b>	<b>12.72</b>	<b>121,000</b>	<b>10.87</b>	<b>210,000</b>	<b>11.65</b>	<b>24,500</b>

\*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

Copper mineralisation at the Antas South Deposit is now delineated to extend over a strike length of two kilometres and is open to the north west and south east. Drill results returned from the Antas South Deposit show intersections of continuous copper oxide mineralisation extending from surface to 80 metres down hole.





High grade copper drill core from Antas South Deposit where a **High Grade Zone JORC resource of 210,000t at 11.65% copper** has been discovered by Avanco.

The JORC resource of **210,000t at 11.65% Copper (HGZ)** extends from surface and has been modelled over a strike length of two hundred and fifty metres. The HGZ is open to the north west where high grade copper showings outcrop at surface (not included in the resource calculation). Additional surface showings of high grade copper have been discovered by the Company at Antas South, Antas North and other Rio Verde targets. These surface expressions are potential indicators for the location of further high grade resources.

The assay results for RC drill holes ARVA60 to ARVA65 are still pending. These drill holes are located at the extreme south east of the 2008 drill programme.

Deeper drill intersections in fresh rock at both Antas South and Antas North are now interpreted to indicate the existence of high grade sulphide copper mineralisation underlying the oxide zone. This sulphide mineralisation is believed to be closely associated with the Antas North Deposit (currently no JORC resource calculated) where early work returned drill results including **49.3m at 2.4% copper** in the fresh rock. The high grade sulphide zone at the Antas North Deposit is overlain by a significant copper oxide zone which has also not yet been fully explored.

The Company is confident that with further drilling significant additional resources will be delineated on the Rio Verde Property. The Company is now targeting a resource of 20Mt at +0.8% Cu on the Rio Verde Property. Further resource expansion potential associated with precious metals and sulphide mineralisation is also currently under review.

## DEVELOPMENT OF CARAJAS COPPER PROJECT

The calculation of this maiden resource has established a strong and viable project with considerable potential to increase resources through further drilling. The JORC resource of **210,000t at 11.65% copper** has the potential to support a robust stand alone “starter” project with low capital expenditure, low risk and high returns. Considerable opportunity exists for the discovery of additional HGZ resources proximal to Antas South to increase the longevity of the HGZ project. Evaluation of the HGZ “starter” project suggests that (given current low commodity prices) significant revenues can be generated by treating the exceptionally high copper grade. The Company envisages that revenues from the exploitation of the HGZ will be sufficient to fund the development and implementation of the 10,000tpa copper cathode heap-leach SX-EW project.

A review of metallurgical options for treating the HGZ mineralisation is being undertaken. The Company foresees the use of second hand mining equipments assembled on skids to minimise cost, facilitate implementation and improve mobility. Considerable project up sides are now apparent following the recent down turn in the resources sector, advantages foreseen include: lower capital funding requirements, reduced operational /





**The Antas South 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.**



**The Company envisages the rapid development of a stand-alone HGZ starter project which has potential to generate significant early cash flows at prevailing copper prices.**

consumables cost and shorter supply lead times.

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 30 kilometres from Parauapebas, the Carajas regional capital with a population in excess of 180,000 and growing. The Company envisages a fast-track approach to the implementation and exploitation of the HGZ starter project.

## **CORPORATE**

Avanco's Carajas Copper Project is located in the World Class Carajas Province of northern Brazil. By virtue of the known mines and recent discoveries, the Carajas is regarded as one of the most prospective regions in the world for the discovery of copper, gold, nickel, manganese and iron ore deposits. Avanco has four highly prospective properties in the Carajas and continues to increase its influence in the region.

Avanco has a clear strategy aimed at building, low cost, low risk copper mining operations in the Carajas. The Company listed on the ASX in December 2007 and has made great progress towards the development of its first copper project with the publication of the Maiden JORC resource for Antas South.

It is envisaged that the very high copper grades associated with the HGZ will allow Avanco to operate economically throughout times of weak commodity prices. Avanco is steadfast in its objective to become a key operator / producer in the Carajas Province.

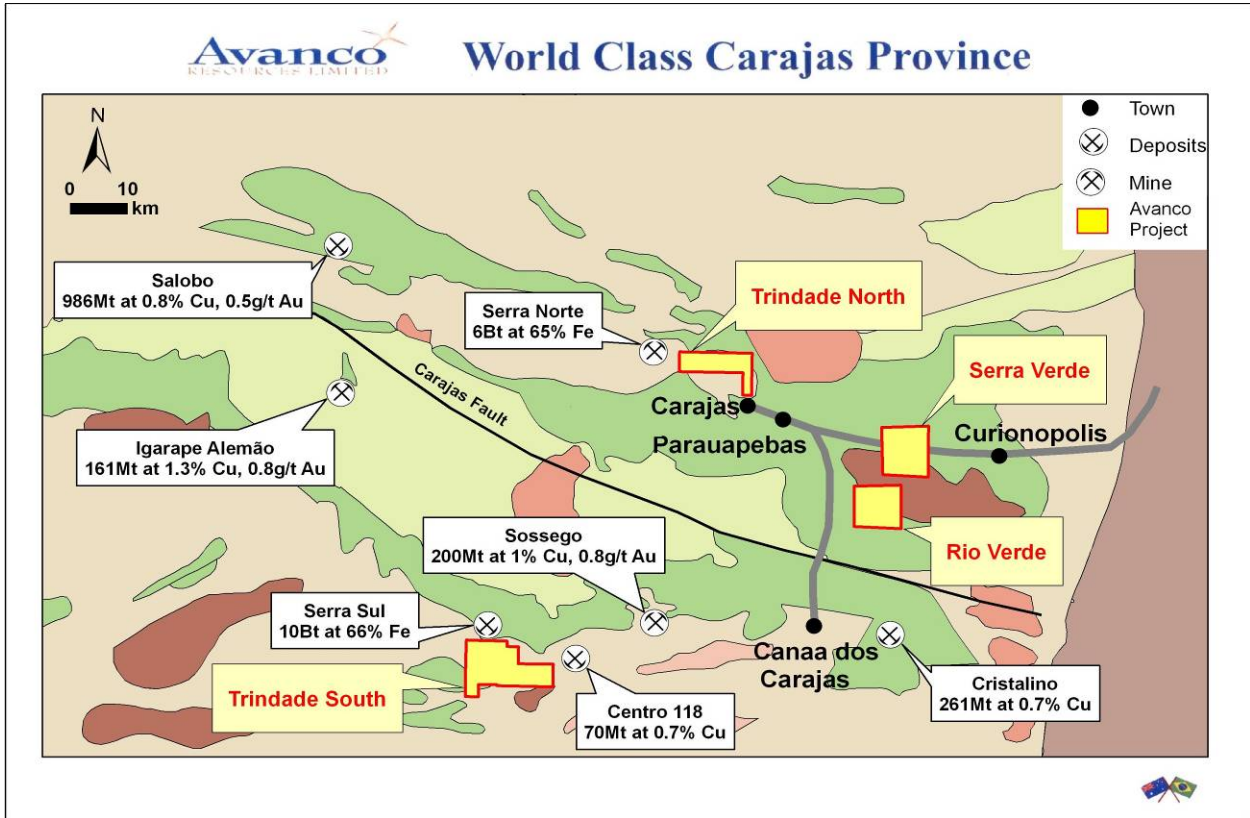
**Tony Polglase**  
**Managing Director**

**Matthew Wood**  
**Chairman**

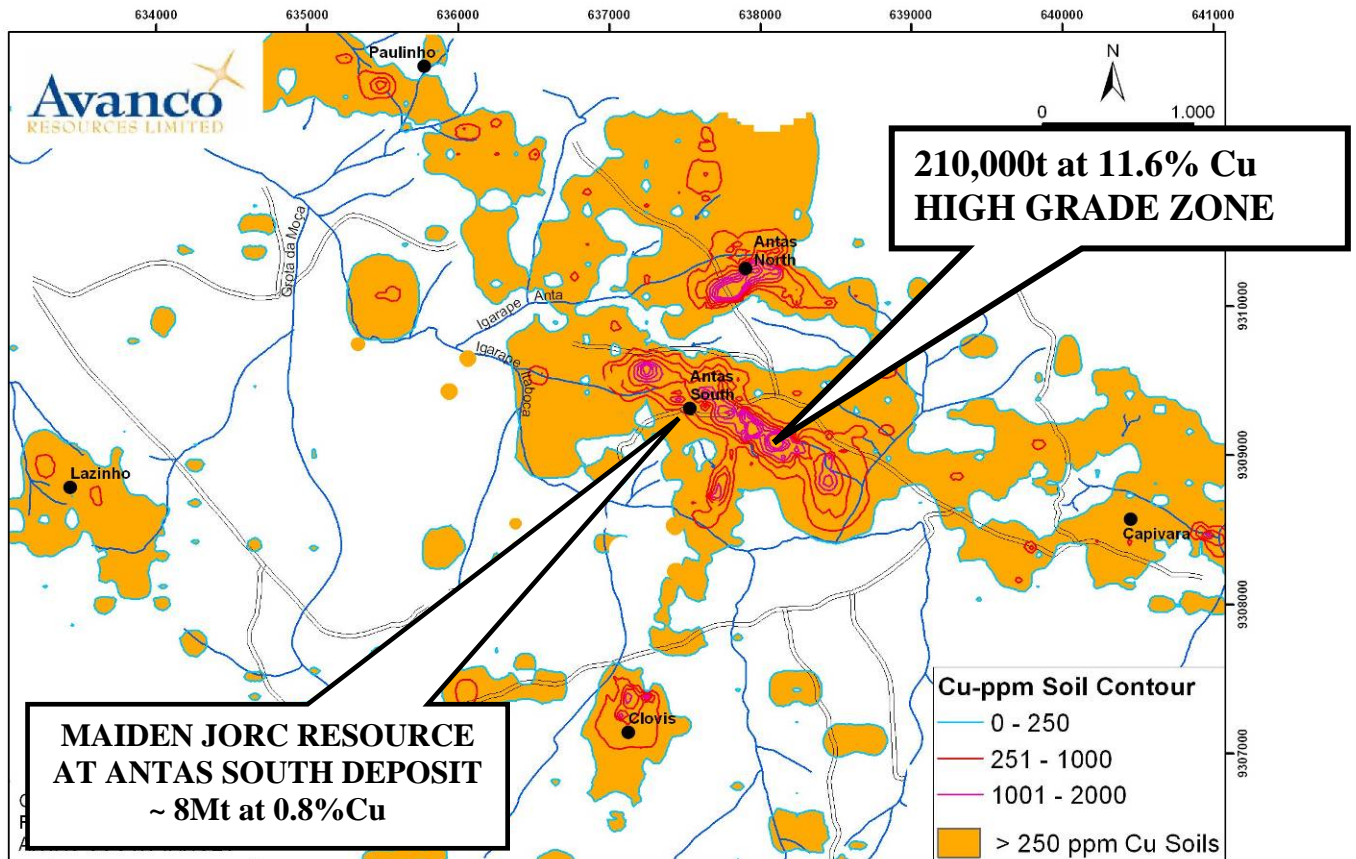
*The information in this report that relates to mineral resources or ore resources is based on information compiled by Mr. Peter Ball who is a member of the Australian Institute of Mining and Metallurgy. Mr. Ball is the manager of Data Geo. Mr. Ball has sufficient experience which is relevant to the 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.*



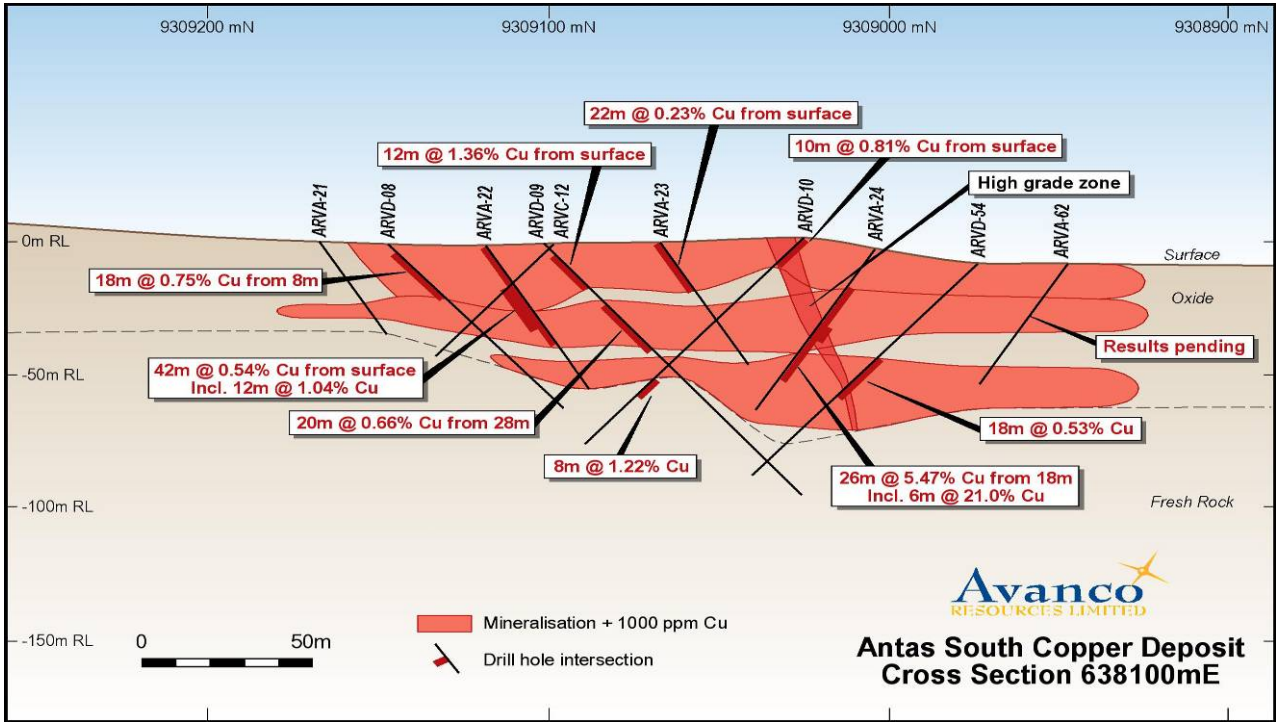


### Avanco's Carajas Copper Projects



### Soils Map of the 9,300ha Rio Verde Property in the Carajas





**Typical Section - Antas South Copper Oxide Deposit including the High Grade Zone (HGZ)**

