

ASX Release

27 July 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
Managing Director

E-mail: info@avancoresources.com

For the latest news:
www.avancoresources.com

Directors / Officers:
Matthew Wood
Tony Polglase
Simon Mottram
Scott Funston
Colin Jones
Antonio Madalosso

ASX Symbol: AVB, AVBOB



NICKEL ACTIVITIES UPDATE

The Company is pleased to provide an update on the Company's Nickel Platinum ('Nickel-PGM') activities where a third and new significant nickel-copper anomaly has been defined at the Conceição Project.

CONCEICAO NICKEL-PGM PROJECT

- **Good progress continues to be made at the recently acquired Conceição Nickel-PGM Project¹ where high priority drill targets continue to be delineated by soil geochemistry.**
- **This latest soil survey has defined an additional nickel-copper anomaly extending for 1.5km over a prospective magmatic mafic-ultramafic intrusion.**
- **This new outcome strongly supports the case for drill testing of at least three nickel prospects at Conceição.**
- **Conceição shows clear and increasing evidence of a cluster of magmatic intrusions considered highly prospective for the discovery of nickel sulphides. This is substantiated by the presence of visible nickel-copper sulphides in outcrops and the results of rock-chip analysis as reported previously².**
- **As exploration efforts continue at Conceição and at Avanco's other nickel assets, the Company is examining a number of options to better support and realise greater value from the nickel assets.**

OTHER NICKEL OPPORTUNITIES

At the Touro Nickel Project, Avanco has previously defined a 5km x 1.5km differentiated mafic sill in a region regarded as highly prospective for new nickel sulphide discoveries³. Limited scout drilling by Avanco returned values of up to 0.38% Nickel with anomalous PGMs confirming the Touro sill as a fertile nickel host (as reported previously⁴).

Following the pending approval of a new exploration license⁵ the Company will implement the next phase of exploration which will likely commence with geophysics before commencing to drill test the footwall contact along the Touro sill.

At the Company's Serra Verde Project, newly found historic data has drawn attention to the potential occurrence of Nickel-PGM mineralisation situated in the northeast of the license.

Touro Nickel-PGM Project:



Nickel sulphide mineralised drill core from TSD-01.

Conceição Nickel-PGM Project:



Sample AV-9778¹

- **1.95% NICKEL**
- **17.54% COPPER**
- **4.17g/t PLATINUM**
- **12.19g/t PALLADIUM**
- **1.62g/t GOLD**

Soil sampling and auger drilling undertaken by former explorers indicates the existence of mafic-ultramafic rocks below surface cover which have been delineated as being coincident with a Nickel-PGM anomalism.

Results reported from historical auger drilling at Serra Verde include:

- 8m at 4000ppm Ni, 600 ppm Cu, 40ppb Pt+Pd (NSVT-06)
- 4m at 2600ppm Ni, 1100ppm Cu, 48ppb Pt+Pd (NSVT-23)
- 7m at 700ppm Ni, 3800ppm Cu, 199ppb Pt+Pd (NSVT-05)

These results are considered highly anomalous for Ni-PGMs and are being validated by current field work.

CORPORATE

Whilst Avanco's nickel projects represent a non-core activity they remain highly prospective and clearly deserving of greater attention. The Company is investigating a number of options to further advance the nickel without compromising the Company's increasing commitment to copper. Ideas being considered include the assignment of the Nickel-PGM mineral exploration rights to Estrela Metals Limited ("Estrela") a wholly owned subsidiary of Avanco Resources Ltd. Estrela would, (*depending on market conditions and ASIC compliance*) possibly provide a suitable vehicle for spin-out-IPO of a new and dedicated Nickel-PGM company.

Tony Polglase
Managing Director

¹ASX Announcement "Acquisition of Nickel Platinum project", 29 October 2010 and "Nickel Platinum Project Acquisition Completed", 14 February 2011

²Under the terms of the "Earn-In Agreement" for 75% of the Conceicao Project, Avanco need to drill 1,500m within 12 months of receiving all regulatory approvals to drill.

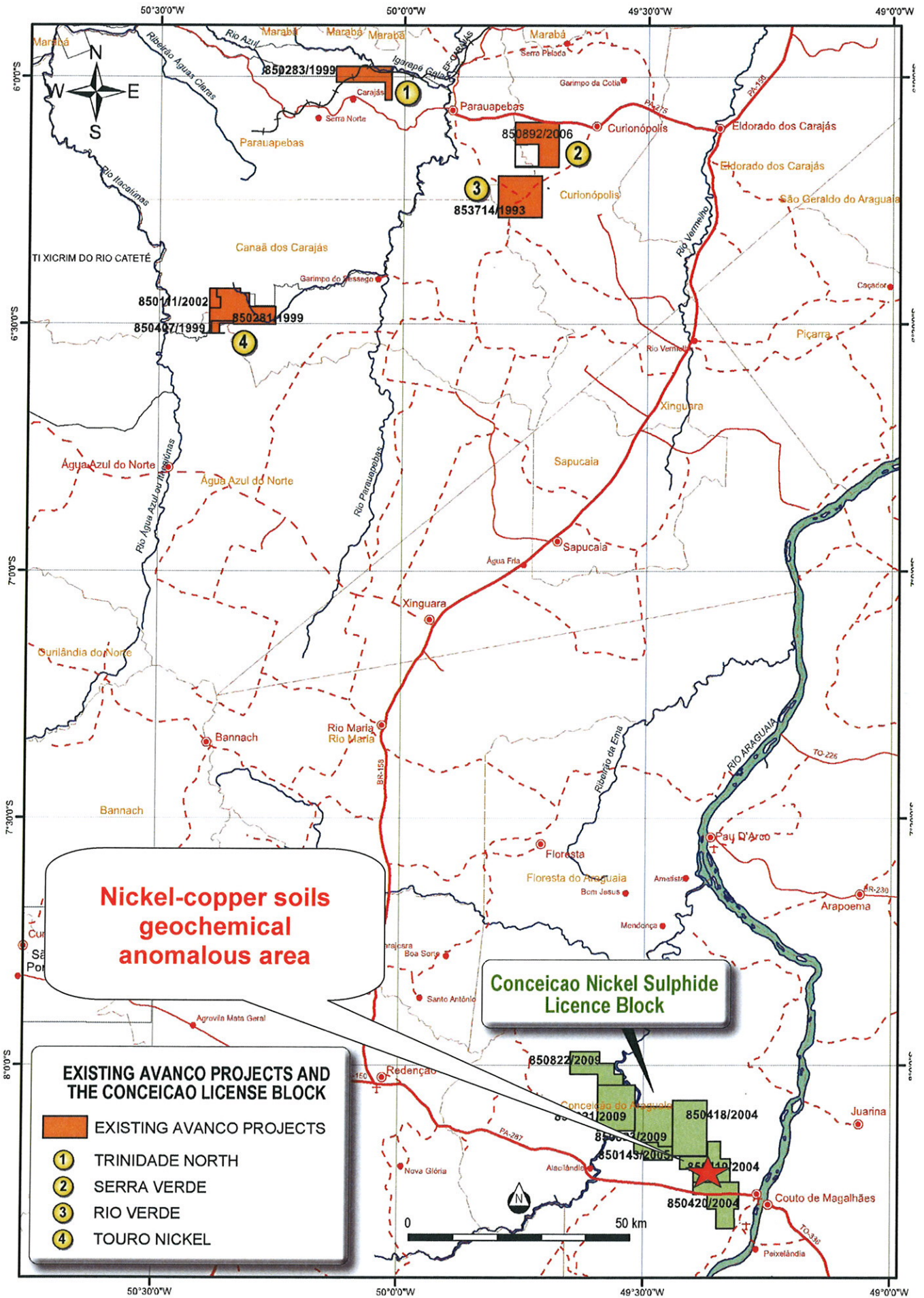
³ ASX announcement "High Priority Drill targets Identified at the Touro Nickel Project", 18 January 2010.

⁴ ASX announcement "Carajas Activities Update", 13 May 2010

⁵An application for a new exploration license has been submitted to the regulatory authorities and Avanco has priority. Some reduction in the size of the license might occur before approval.

⁶ The Company has no data on the numbers missing in the sequential order and it is uncertain whether any drilling was completed for those numbers.

The information in this report that relates to Mineral Resources and Exploration Results are based on information compiled by Mr Simon Mottram who is a Member of the Australian Institute of Mining and Metallurgy. Mr Mottram is a Director of Avanco Resources Limited. Mr Mottram 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 Mottram consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



SERRA VERDE PROJECT - HISTORIC AUGER RESULTS⁶

Hole ID	UTM-E	UTM-N	Dip	Az	Depth	Status	From	To	Width	Ni	Cu	Pt+Pd
					(m)		(m)	(m)	(m)	ppm	ppm	ppb
NSVT-02	644700	9325615	-90	0.00	12	Historical	2	12	10	1700	1100	26
NSVT-05	645400	9325450	-90	0.00	20	Historical	13	20	7	700	3800	199
NSVT-06	645400	9325400	-90	0.00	9	Historical	1	9	8	4000	600	40
NSVT-07	645400	9325350	-90	0.00	9	Historical	4	9	5	1100	300	18
NSVT-08	645400	9325300	-90	0.00	9	Historical	0	3	3	1300	1000	22
NSVT-09	645600	9324950	-90	0.00	4.5	Historical	0	4.5	4.5	200	7000	19
NSVT-10	645600	9325000	-90	0.00	4	Historical	No significant results					
NSVT-11	645600	9325050	-90	0.00	2	Historical	Not assayed					
NSVT-12	645600	9325100	-90	0.00	7	Historical	No significant results					
NSVT-13	645600	9325150	-90	0.00	6	Historical	1	3	2	1200	800	20
NSVT-14	645600	9325200	-90	0.00	2.5	Historical	Not assayed					
NSVT-16	644700	9325600	-90	0.00	17.5	Historical	6	17	11	1900	900	54
NSVT-17	644700	9325550	-90	0.00	14	Historical	13	14	1	1800	900	19
NSVT-18	644700	9325750	-90	0.00	14	Historical	0	7	7	1300	1600	27
NSVT-19	644700	9325800	-90	0.00	12	Historical	0	4	4	900	1000	30
NSVT-20	644700	9325700	-90	0.00	13	Historical	3	11	8	1500	300	13
NSVT-21	644700	9325650	-90	0.00	7	Historical	2	6	4	2400	900	21
NSVT-22	644800	9325550	-90	0.00	17	Historical	10	17	7	2400	600	47
NSVT-23	644800	9325650	-90	0.00	16	Historical	12	16	4	2600	1100	48
NSVT-24	644800	9325750	-90	0.00	18	Historical	4	18	14	300	1000	33
NSVT-28	645400	9325500	-90	0.00	21	Historical	15	21	6	1700	1800	12
NSVT-29	645600	9324900	-90	0.00	1.5	Historical	No significant results					
NSVT-31	645400	9324700	-90	0.00	3	Historical	0	3	3	800	4500	56
NSVT-32	645400	9324750	-90	0.00	13	Historical	0	6	6	300	1200	90
NSVT-33	645400	9324650	-90	0.00	8	Historical	No significant results					
NSVT-34	645400	9324800	-90	0.00	10.6	Historical	2	6	4	1200	200	21
NSVT-36	645000	9325650	-90	0.00	17	Historical	2	3	1	100	700	104
NSVT-37	645000	9325550	-90	0.00	10	Historical	No significant results					
NSVT-38	645200	9325600	-90	0.00	17	Historical	2	15	13	400	600	42
NSVT-39	645200	9325500	-90	0.00	19	Historical	No significant results					