

ASX Release

Friday 30 July 2010

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ASX Symbol: AVB, AVBO, AVBOB



Avanco's Projects are located in the Carajas, northern Brazil

JUNE 2010 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Diamond core drilling at Rio Verde continues with significant intersections of high grade copper mineralisation being logged.**
- **A total of 18 drill holes for 1,008m have been completed to date with assay results pending.**
- **Environmental authorities have issued an Operating License for development of the Rio Verde high grade copper project.**
- **Rio Verde regulatory process now focussed on receipt of the Trial Mining License.**
- **The Company has signed confidentiality agreements with a number of groups looking at potentially joint funding exploration programmes in the Carajas.**
- **Avanco is assessing a number of options for progressing the Trindade North Property, which is very prospective for high grade Carajas style iron ore mineralisation.**
- **The Company is progressing development and permitting of the Rio Verde High Grade Copper Project and anticipates the project being moved to a "decision to mine" status before the end 2010.**

RIO VERDE HIGH GRADE COPPER PROJECT

The JORC compliant Antas South Deposit lies within the boundaries of the Company's 100% owned Rio Verde Copper Project. The current 2,000m diamond core drill programme has already completed 18 holes for 1,008m with first assay results expected soon.

The infill drilling programme has been designed to improve confidence in the current resource by up-grading indicated and inferred resources to the measured and indicated categories. Drilling will also test extensions to the high grade zone along strike.

During the current drill programme significant widths of high grade copper mineralisation have been logged in a number of drill holes.



Half of the planned 2,000m Antas South High Grade Zone drill programme is completed

Core logging has identified high concentrations of malachite and chalcocite in the highly mineralised intersections. The Company anticipates completion of the 2,000m programme during the September quarter with a revised resource estimate calculated shortly thereafter.

Regulatory approval of the Operating Licence for the development of the Rio Verde High Grade Copper Project has been awarded to AVB Mineracao Ltda, a wholly owned Avanco subsidiary company.

The license has been issued by SEMA, the Secretary of State for the Environment in Para State, Brazil. It 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 approval represents a significant outcome and clears the way for the Company to proceed 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.

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

Copper Production	~5,000tpa copper metal
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

Representative samples from the current drill program are being collected for definitive metallurgical test work. Laboratory testing will define the flotation plant process design criteria and optimise the metallurgical performance. The Company anticipates the Rio Verde Copper Project being moved to a "decision to mine" status and receipt of the Trial Mining License, before end 2010.

**PREVIOUSLY REPORTED
RESULTS FROM THE
ANTAS SOUTH HIGH GRADE
COPPER ZONE:**

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**



High grade copper mineralisation has been intersected during the current drilling at the JORC compliant Antas South Deposit

TOURO NICKEL PROJECT

Drilling at the Touro Nickel Project was completed for four diamond core drill holes for 722 metres. Persistent bad weather and widespread flooding in the region finally forced the Company to suspend operations. Drilling intersected a number of zones of magnetic banded pyroxenite with fine disseminated sulphides. Selected assay work was undertaken with better results from drill holes TSD-3 and TSD-05 over selected 2 metre intersects returned values of up to 0.38% nickel, 0.05% copper, 17ppb palladium, 30ppb platinum and 108ppb gold. Whilst the assays to date are low grade the results confirm that the Touro Sill hosts nickel, copper and PGM mineralisation and strongly justifies further exploration to locate higher concentrations of nickel sulphides. It is now believed that potentially economic grade mineralisation is more likely to be discovered within the footwall contact zone of the differentiated ultramafic sill. Drilling and mapping has been interpreted to show that the sill footwall contact zone is located north of the recently drilled areas. This contact trend is thought to be the most prospective location for discovering higher concentrations of magmatic nickel sulphides.

Avanco is also closely evaluating other grass roots nickel sulphide opportunities within the Carajas region and has since elected not to proceed with the acquisition of the Guapore Nickel Project which was described previously.



BIF has recently been identified at the Trindade North Property

TRINDADE NORTH IRON ORE PROJECT

Studies of regional airborne magnetics covering the Trindade North area show two potential Banded Iron Formation (BIF) targets each with ~3.5km of strike located towards the north of the property. This has been followed by preliminary field reconnaissance which discovered elevated terrains with oxide facies BIF outcrops and subcrops enriched in magnetite-hematite. The mineralisation has the appearance of typical Carajas style, high grade iron ore with two rock chip samples returning results of 50.2% Fe and 54.2% Fe.

Further field work is planned at Trindade North and the Company is examining a number of options for progressing the exploration of the property including possible joint ventures. The prospectively of the area is much enhanced by its proximity to Vales' N4-N5 open cut which is the worlds largest iron ore mine.

CORPORATE

The Company is progressing the development of the Rio Verde High Grade Copper Project and anticipates a revised JORC resource and the project being moved to a "decision to mine" status before the end 2010.

Avanco is also examining a number of options to realise greater value from its Carajas portfolio and has signed confidentiality agreements with a number of groups who are looking at potential exploration joint ventures.

The Company is in a strong cash position which will enable it to focus on the near term copper developments at Rio Verde whilst grass roots nickel sulphide and iron ore exploration is advanced.

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.

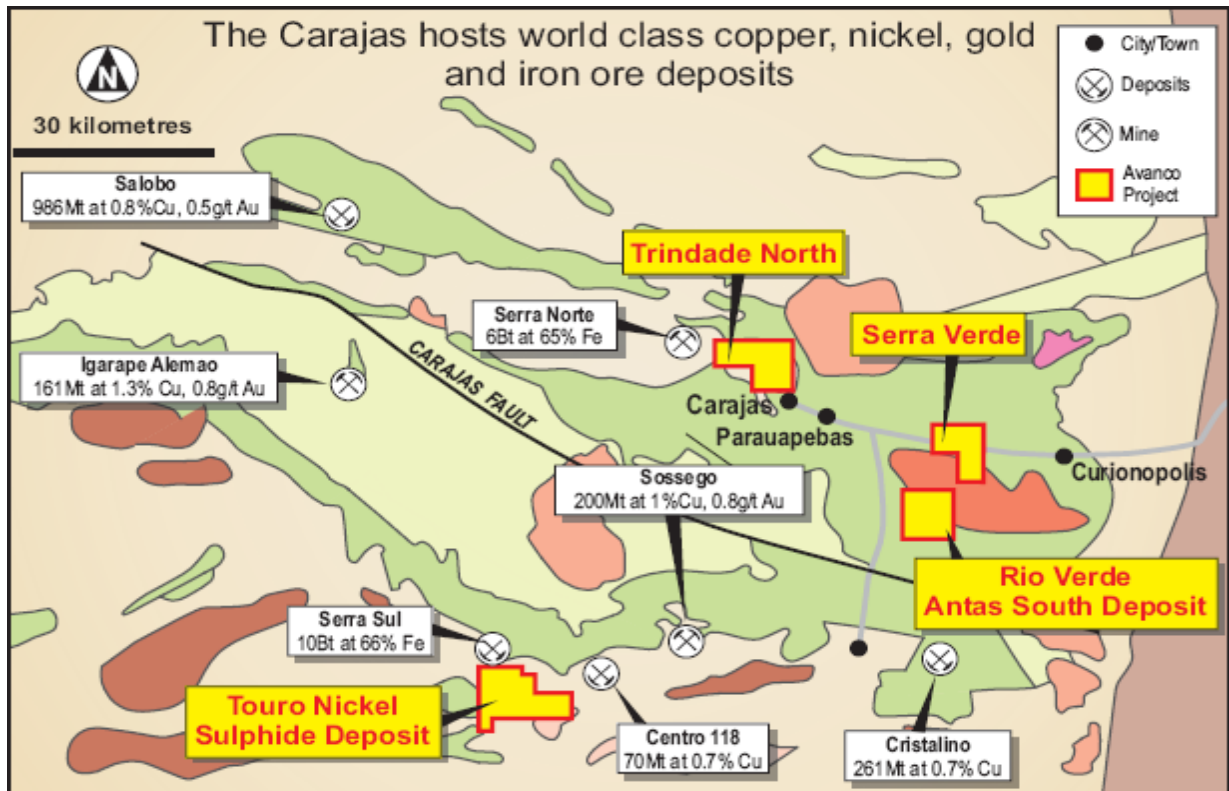
The information in this report that relates to Mineral Resources and Exploration Results are based on information compiled by Mr Matthew Wood who is a Member of the Australian Institute of Mining and Metallurgy. Mr Wood is the Chairman of Avanco Resources Limited. Mr Wood has sufficient experience which 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.

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



Avanco is examining a number of options to realise greater value from its Carajas Projects portfolio



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