

Explorer squeezes into premier region

A good address is always sure to gain attention and this is one of the reasons why Australian junior Avanco Resources has attracted plenty of interest since listing in December 2007. By **Ron Berryman**



Avanco managing director Tony Polglase.

Boasting several promising prospects in one of Brazil's premier mining regions, the Perth-based junior listed at a premium of 200% and has since held its own for investors through some fairly volatile months of trading.

Avanco's primary point of address has been the fact that it has acquired two prime prospects in the Carajas region and another in the gold terrains of central Brazil.

The Carajas region is considered to be one of the most prospective provinces in the world for copper/gold, nickel and

iron ore and hosts numerous world-class iron-oxide-copper-gold (IOCG) deposits including the Sossego, Salobo and Igarape-Bahia deposits.

For managing director Tony Polglase the immediate focus is on the Carajas region where Avanco has acquired properties in an area dominated by blue chip miners.

"The Carajas region is pretty hot property in Brazil," Polglase told **RESOURCESTOCKS**.

"The majors have had control of the area for a long time and juniors have found it very

hard to get opportunities in the area."

Polglase said the region, with its track record for success, had been dominated by companies such as Vale (formerly CVRD), Codelco, Teck Cominco, Anglo American and Xstrata and the smaller companies had found it difficult to get in.

Avanco's Carajas copper project comprises two major tenements, Rio Verde – of about 95 square kilometres, and Serra Verde – about 100sq.km, located between two townships, Curiniopolis and Parauapebas.



Drilling is continuing in the Carajas region.

"There is very good existing infrastructure in the area and the township of Parauapebas (Pebas) is the hub town with a population of about 180,000," he said. "Pebas is a real boom town."

"There is a sealed road for about 25 kilometres and then a dirt road for 10 kilometres to our Rio Verde property."

"There are lots of people and they are always looking for jobs. Brazilians aren't scared of work."

The company's other major prospect in Brazil is the Central Brazilian gold project located within a Proterozoic greenstone belt near the town of Heitorai, 140km north of Goiania, the capital of the state of Goias.

One of the properties within the project underwent limited exploration by Western Mining Corporation in the 1980s and revealed a gold in soil anomaly, which Avanco will evaluate through further sampling and reconnaissance exploration.

Polglase said other factors in Avanco's favour included the quality of their staff and the fact that they have already set up offices and become established in Pebas.

"Our non-executive directors, Wayne Phillips and Colin Jones, are fluent in Portuguese and are outstanding mining professionals," he explained.

"Wayne Phillips, who is the current technical director of Kinross South America, is a metallurgist with particular expertise in flotation and hydrometallurgy, including heap leaching, and Colin Jones has more than 40 years experience in the industry and is a lead underground mining consultant for Rio Tinto globally."

"Our exploration manager Antonio Madalosso has outstanding credentials and held positions with Codelco, Barrick Gold and Western Mining Corporation and as chief geologist with Barrick he was responsible for the original discoveries at Rio Verde."

Copper/gold mineralisation was identified on both the Rio Verde and Serra Verde properties by previous exploration and both areas have been worked for copper and gold by artisan miners over the years.

Following listing, Avanco started drilling at Rio Verde in January and has already drilled almost 1000m. The company expanded its drilling program with reverse circulation (RC) drilling to run in parallel with a diamond core drilling program and is now awaiting results.

Previous drilling of 67 diamond core and reverse circulation holes included results of 49.3m at 2.40% copper and 0.40 grams per tonne gold from 76m, 19.4m at 1.63% copper and 0.43gpt gold from 125m, 17.1m at 2.20% copper and 0.18gpt gold

from 75m, 71.5m at 0.53% copper from 8m and 125.9m at 0.21% copper from 64m.

Polglase is particularly interested in the upper oxidised copper mineralisation at Rio Verde where he believes heap leach/vat leach operations could be successful.

"Another interesting thing we've stumbled across is that historically the Brazilians prefer diamond drilling and it appears the diamond drilling technique might have a tendency to lose some of the very fine copper in the oxide zone," he said.

"After a review of the original historic data it appears some of the best shallow intercepts were from RC (reverse circulation) drilling, so we believe diamond drilling may not be the best technique and there could be more potential in the weathered sections than previous diamond drilling shows – it probably wasn't the right method for the low-grade copper in the weathered sections."

Polglase believes copper production is not very far in the distance for Avanco.

One particular area of Rio Verde, the Antas South target, has been chosen as the site to help turn Avanco into a copper producer.

Polglase is certainly not sitting around waiting for things to happen.

He has already started discussions to get certain preliminary work underway such as studies, environmental and other regulatory approvals.

"The weathered section is what I'm looking for. I know there's copper there and it's fairly large and I believe I can get a project moving very quickly," he said.

"We know there's copper oxide and I'm hoping there's also lots of sulphide underneath."

Avanco is looking at a heap leach/vat leach operation with low lead times and low capital expenditure to get a revenue stream into the company as soon as possible.

"We're targeting an area where we know there's a lot of copper, enough to get us going with an initial operation, which I could get up and running in the shorter term," he said.

"It's an aggressive approach to business, but I believe it's achievable. There are a lot of juniors out there and Avanco will be one that is going to get to the finishing line."

If experience and knowledge are prerequisites for getting to the finishing line, then Polglase's background suggests he is right.

With more than 30 years experience in mining he is a qualified mechanical and electrical engineer with an honours degree in metallurgy from the famous Camborne School of Mines.

He has a detailed global knowledge of the development and operation of precious and base metal deposits, and has commissioned seven mining projects in different corners of the world.

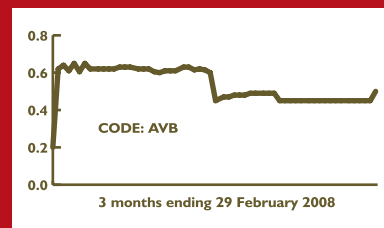
The fact that he speaks Portuguese and has moved to Brazil to oversee the Avanco operations is another important factor in the company's drive to become a producer.

Polglase also believes Avanco's Antas South operation will add to the company's reputation in Brazil by demonstrating the quality, efficiency and professionalism of the company's people.

"We feel that our growing reputation and presence will have other miners asking 'why wouldn't we want them to look at something that's not right for us'," he explained.

With major operators such as Vale, Teck Cominco, Xstrata and Codelco all holding large tracts of property in the Carajas region, Avanco is optimistic of some interesting opportunities in the future. **RS**

avanco resources at a glance



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Market Capitalisation

\$11.25 million (at press time)

Major Shareholders

Anthony Polglase 7.91%
Bullseye Geoservices 7.91%
Matthew Gaden Western Wood and
Belinda Lucy Wood 7.73%
Merril Lynch (Australia) Nominees
5.45%