

ASX Release

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ASX Symbol: AVB, AVBOB



**Diamond core drilling of iron ore
at the Trindade North Project**

VALE STARTS DRILLING AVANCO IRON ORE

The Company is very pleased to announce that Vale SA (Vale) has commenced drilling at the Trindade North Iron Ore Project (Figure 1). Four rigs are currently operational and early exploration appears very encouraging with significant widths of Banded Iron Formation (BIF) recorded in drill core.

HIGHLIGHTS

- **Vale has commenced drilling Avanco iron ore in the Carajas region of Brazil.**
- **Four rigs now drilling and another mobilising.**
- **Significant widths of BIF have already been intersected, suggesting early exploration success (Fe results TBA¹).**
- **Vale's giant N4–N5 mine is located close to Trindade North.**
- **The Vale-Avanco agreement has potential to generate payments of between \$10m and \$40m to the Company.**
- **Transaction with Vale clearly demonstrates that Avanco is well established in the region.**



Drilling has intersected significant widths of BIF



**Vale's N4–N5 iron ore mine ~5km
from Avanco ground.**

The start of drilling follows close cooperation between Vale and Avanco pursuant to the 'Option Agreement' (announced previously²) wherein Vale has been granted exclusive rights to explore Trindade North.

Under Vale's management, activities have progressed extremely well, with drilling coincident with magnetic anomalies on an east west orientation extending over 1.8km's of strike.

With the arrival of the fifth rig and an improving weather outlook, the Company anticipates regular news flow over the coming weeks and months.

Tony Polglase
Managing Director

- 1- Assaying to Vale's schedule and account.
- 2- ASX Announcement "Vale Acquires Option over Avanco Iron ore Project", 19 August 2010

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 Australasian 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 'Australasian 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.

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

