ABN 85 126 379 646

Financial Report for the half-year ended 31 December 2013

Avanco Resources Limited

CORPORATE DIRECTORY

Directors

Mr Matthew Wood (Non-Executive Chairman)
Mr Anthony Polglase (Managing Director)
Mr Simon Mottram (Executive Director)
Mr Scott Funston (Executive Director)
Mr Wayne Phillips (Executive Director)
Mr Colin Jones (Non-Executive Director)
Mr Luis Azevedo (Non-Executive Director)

Company Secretary

Mr Scott Funston

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Auditors

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000 Australia

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: AVB

Avanco Resources Limited

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DIRECTORS' REPORT

The Directors of Avanco Resources Limited submit the financial report of the consolidated entity for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Wood	Non-Executive Chairman
Mr Anthony Polglase	Managing Director
Mr Simon Mottram	Executive Director
Mr Scott Funston	Executive Director
Mr Wayne Phillips	Executive Director
Mr Colin Jones	Non-Executive Director
Mr Luis Azevedo	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2013 was $403,434 (31 December 2012 loss of $737,963).

Review of Operations

HIGHLIGHTS

STAGE 1 – ANTAS NORTH

- **The Stage 1 (Antas North[1]) Reserve drill programme is progressing extremely well with four diamond rigs currently drilling**
- **Results from core submitted to the laboratory in December have been received and released that supports the tenor of mineralisation recorded in previous drilling**
- **Sulphide Ore results for the Antas North Reserve drill programme include:**
  - **31.00m^2 at 2.72% Copper, 0.65g/t Gold from 25.00m^2 AAND-067**
    Incl. 18.00m^2 at 3.95% Copper, 1.07g/t Gold from 37.00m^2
  - **54.00m^2 at 3.03% Copper, 0.33g/t Gold from 25.00m^2 AAND-068**
    Incl. 4.00m^2 at 9.31% Copper, 0.67g/t Gold from 47.00m^2
  - **27.00m^2 at 1.89% Copper, 0.78g/t Gold, from 54.00m^2 AAND-070**
    Incl. 15.00m^2 at 3.03% Copper, 0.48g/t Gold from 59.00m^2
  - **22.30m^2 at 3.70% Copper, 0.23g/t Gold from 20.70m^2 AAND-071**
    Incl. 2.00m^2 at 15.40% Copper, 0.19g/t Gold from 27.00m^2
  - **28.00m^2 at 3.24% Copper, 1.06g/t Gold from 21.00m^2 AAND-072**
    Incl. 3.65m^2 at 10.56% Copper, 4.70g/t Gold from 41.00m^2
  - **33.00m^2 at 3.97% Copper, 1.05g/t Gold from 86.00m^2 AAND-073**
    Incl. 2.85m^2 at 18.16% Copper, 1.53g/t Gold from 95.40m^2

- **26.10m^2 at 5.35% Copper, 0.86g/t Gold from 47.90m^2 AAND-074**
  Incl. 6.10m^2 at 14.87% Copper, 2.35g/t Gold from 47.90m^2

- **The above up-dip holes prove the continuity of mineralisation to surface, and are indicative of grades and ore type that can be anticipated in early production**
- **These early observations exceeded management expectations resulting in the Board approving the first development expenditures**
- **A number of transactions for the supply of key critical path items required for the benefaction plant are now pending closure**
- **Stage 1 site ground investigations are well advanced and encouraging**
- **The Company reached an agreement for a US$12m Mineral Production Royalty based investment with BlackRock World Mining Trust Plc (BlackRock) and entered into a period of exclusivity**

STAGE 2 – PEDRA BRANCA

- **The DNPM[3] approved the Mineral Resources[4] at the neighbouring larger Pedra Branca Copper Project paving the way for further submissions pursuant to a full Mining License at Stage 2**
- **Grant of the above in timely fashion is testament to support from the State and regulatory authorities and bodes well for further regulatory news relating to both projects**

$18.1 MILLION PLACEMENT

- **Avanco successfully completed an $18.1m[5] placement (before costs) at $0.075 per share to fund Stage 1 early works and accelerate the larger Pedra Branca Project**
- **Existing major shareholders participated in the Placement with Glencore -Xstrata maintaining a 15% position and BlackRock increasing to +5% and becoming Avanco's second largest shareholder**

US$12 MILLION ROYALTY AGREEMENT WITH BLACKROCK

- **The Company reached a non-binding agreement on key terms with regard to US$12m of non-dilutive royalty based investment with BlackRock.**
- **Avanco has entered into an exclusivity agreement with BlackRock and execution of definitive documentation will likely include:**

  I. **BlackRock to provide US$12m in return for net smelter return (NSR)[6] royalty payments comprising 2% on copper, 25% on gold[7] and 2% on all other metals that will be produced from Stage 1 and Stage 2. Other discoveries within Avanco's current licence portfolio beyond those previously mentioned will carry a flat 2% NSR production royalty**

  II. **The completion of the Proposed Transaction is conditional on completion of a number of Stage 1 activities, including publication of a JORC compliant reserve statement, and receipt by the Company or its subsidiary of the Mining License for Stage 1**

  III. **BlackRock's investment amount would be paid in instalments pro-rata with disbursements of the Banco Votorantim S.A. (Votorantim) senior debt, once all necessary conditions have been met**

IV. In the event of a new project discovery outside of Stage 1 and Stage 2 being prioritised over Pedra Branca then upon mutual consent those terms set out in I above can be applied to such a project instead.

- **Due diligence for the BlackRock Royalty Agreement[8] is progressing with completion of the definitive terms sheet envisaged for the March 2014 quarter.**
- **Deliverables associated with the BlackRock Agreement includes a JORC Mineral Reserve and receipt of key regulatory approvals**

STAGE 1 (ANTAS NORTH DEPOSIT)

Stage 1 represents Avanco's first mine development project which is envisaged to produce ~12,000tpa Copper with additional gold credits.

A ~2,000m close spaced drill programme is well underway aiming to improve JORC Reported Mineral Resources to the "Measured" category which will allow the company to calculate Reserves. This Infill drilling for Reserve calculation has surpassed management's expectations in the western portion of the orebody. Drilling continues with additional holes being planned to reach further west following up on the good results to date. Rigs are also operating in the central and eastern portions of the orebody.

As the definitive studies and Reserves are completed, respective data will be modelled for an "Optimised Mine Plan". The aforementioned exercise is expected to delineate the first three years of Proven and Probable Mine Reserves.

The presence of high grade massive sulphide copper yielding good metallurgical recovery is an important feature of Stage 1. Infill drilling is designed to increase confidence in the resource model by testing the continuity of these high grade zones and ultimately generate the Mineable Reserves. The current 25m x 25m diamond drilling programme is considered adequate for Resources to Reserve conversion.

The ore to waste ratio is one of the main mine Opex drivers and is much dependent on the pit host rock characteristics. This drill programme includes detailed Pit Geotechnical holes / study to assess rock quality and identify optimum pit wall angles for the definitive pit design.

As rock quality and other mine and engineering evaluations are completed, the Mineable Reserves and Optimised Mining Schedule will be generated.

The first phase Environmental study has been completed, identifying areas that may be potentially sensitive. This has enabled the site layout to be established with the lowest environmental impact, as well as the most cost effective locations for project facilities, and providing a compact operating sequence maximizing the use of gravity flows for the process plant.

Geotechnical drilling rigs is now complete, having tested engineering/soil mechanics proximal to the proposed tailings dam and plant footprints. The proposed tailings dam wall location has been shown to be situated above a large Gabbro Dyke which likely presents a highly impermeable and competent basal rock foundation which is highly desirable for design and operation of the dam embankment.

Very satisfied with investigations to date, the Company has commissioned the start of detailed tailings dam design.

First pass condemnation drilling (using the Company's Power Auger rigs) over areas nominated for construction is complete with results pending.

The results of early Reserve drilling and site investigations is very pleasing such that the Directors have approved the Company's first development expenditures aimed at securing long lead plant and equipment for the development of the US$70m Antas Copper Mine.

Current activities are budgeted within the US$70m Stage 1 Capex. This work and the pending equipment purchases (mentioned above) are being fast-tracked by way of the recent $18m financing[5]. The later monies allow Avanco to complete "Conditions Precedent" associated with the proposed US$58m senior debt[7] and US$12m BlackRock Payment[9].

STAGE 2 PEDRA BRANCA

The DNPM[3] approved the Mineral Resources[4] at Avanco's much larger and proximal Pedra Branca Copper Project and paves the way for further submissions pursuant to a full license for Stage 2.

The Approval by the DNPM of the Mineral Resources supports the scope, quality and results of exploration, providing confidence that Pedra Branca has the potential to support mining activities.

Avanco is undertaking studies aimed at reaching a "decision to mine" status at Pedra Branca by mid-2015. Regulatory and environmental permitting forms an integral part of the process and both are being pursued.

Resource modelling has defined High Grade cores within the East and West Pedra Branca (Stage 2) orebodies, and indicates the potential for a long life, high grade underground operation.

A very important component in the regulatory process, the presentation of the Mining Study[10], has been submitted.

Underground modelling of the high grade Pedra Branca East orebody continues. This exercise will assist in defining the next infill drill programme where upgrading of the resource confidence is a priority.

A phased approach is now being discussed, being likely to deliver an attractive mining opportunity while minimising risk and capital drain. Commencing the Stage 2 project in the East will provide fastest access to the highest grades, followed by subsequent expansion into the Western Orebody.

Underground modelling of the high grade Pedra Branca East continues aiming for better understanding the economic drivers. This exercise will assist in defining the next infill drill programme where upgrading of the existing Inferred resources to the Indicated category, is a priority

CORPORATE

Avanco is a financially strong emerging mid-tier pure copper play with $16.6m at bank at 31 December. Management believes the current cash is sufficient for current development, continued exploration and acquisitions.

Management have delivered exploration success in recent years with 828,000 tonnes of copper metal and 700,000 ounces of Gold in its JORC Reported Mineral Resources inventory, with 100% ownership of multiple projects in the World Class Carajas Mineral province in mining friendly Brazil.

The Company is now pursuing it first development with implementation of the (Stage 1) high grade, low cost, low risk Antas Copper Mine for ~12,000tpa Copper + gold credits. Key terms have been agreed for US$70m.

Stage 2 (Pedra Branca) is Avanco's much larger copper project situated within the same district and represents the Company's second development target with a "decision to mine" for Stage 2 scheduled to be made in 2015.

Supported by two major institutions (Glencore and BlackRock) and equipped with some of the best international and Brazilian expertise available, the Company is confident of making the approaching transition from explorer to producer in a timely manner.

CARAJAS - TOTAL JORC Reported Mineral Resources[11,12,13]						
DEPOSIT	**Category**	**Million Tonnes**	**Cu (%)**	**Au (ppm)**	**Copper Metal (T)**	**Gold Metal (Oz)**
PEDRA BRANCA	Inferred	46.82	1.20	0.33	560,000	500,000
	Total	**46.82**	**1.20**	**0.33**	**560,000**	**500,000**
ANTAS NORTH	Indicated	6.56	1.87	0.46	122,000	98,000
	Inferred	4.48	1.35	0.26	60,000	38,000
	Total	**11.04**	**1.65**	**0.38**	**182,000**	**136,000**
ANTAS SOUTH	Measured	0.59	1.34	0.18	8,000	3,000
	Indicated	7.5	0.7	0.2	53,000	49,000
	Inferred	1.99	1.18	0.2	24,000	13,000
	Total	**10.08**	**0.83**	**0.2**	**85,000**	**65,000**
TOTAL		**67.94**	**1.22**	**0.32**	**827,000**	**701,000**

Subsequent Events

There have been no significant events subsequent to the half-year to the date of this report.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the Directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 15 and forms part of this report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors.

Scott Funston
Director
Perth, Western Australia
24 February 2014

1. The Antas North orebody is defined as an Iron Oxide Copper Gold (IOCG) deposit, typical of that found in the Carajas Province of Brazil, and well documented in respected geological texts
2. Downhole widths/depths. True widths/depths shown in table "Antas North Deposit – Diamond Drilling Results 2014"
3. Brazilian National Department of Mineral Production
4. The mineral resources for license 850.318/00 hosting Stage 2 (Pedra Branca) have been evaluated by the DNPM (National Department of Mineral Production) and the Final Exploration (Mineral Resources) Report is considered satisfactory and thus been approved
5. See ASX announcement "$18.1M Placement to Fast Track Pedra Branca", 16 October 2013
6. NSR "Net Smelter Return" is typically the net revenue after deductions for freight, all smelter treatment and refining charges
7. Gold credits
8. See ASX announcement "Key Terms Agreed on US$58m debt facility for Antas North Copper Mine", 13 June 2013
9. See ASX announcement "US$12,000,000 Agreement reached with Blackrock World Mining Trust", 8 October 2013
10. The Mining Study (or PAE) represents an economic evaluation of the exploitation of the "Mineral Resources".
11. See ASX announcement "Stage II – Pedra Branca Resource Upgrade", 24 June 2013 and "Significant Resource Growth at Antas North", 05 June 2012; for Competent Person's Consents, material assumptions and technical parameters underpinning the resource estimates
12. The company confirms that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed
13. Grade Tonnage Reported above a Cut-off Grade of 0.4% Cu for Sulphide Resources, and 0.3% Cu for Oxide resources
14. Copper mineralisation composed of oxides

Competent Persons Statement

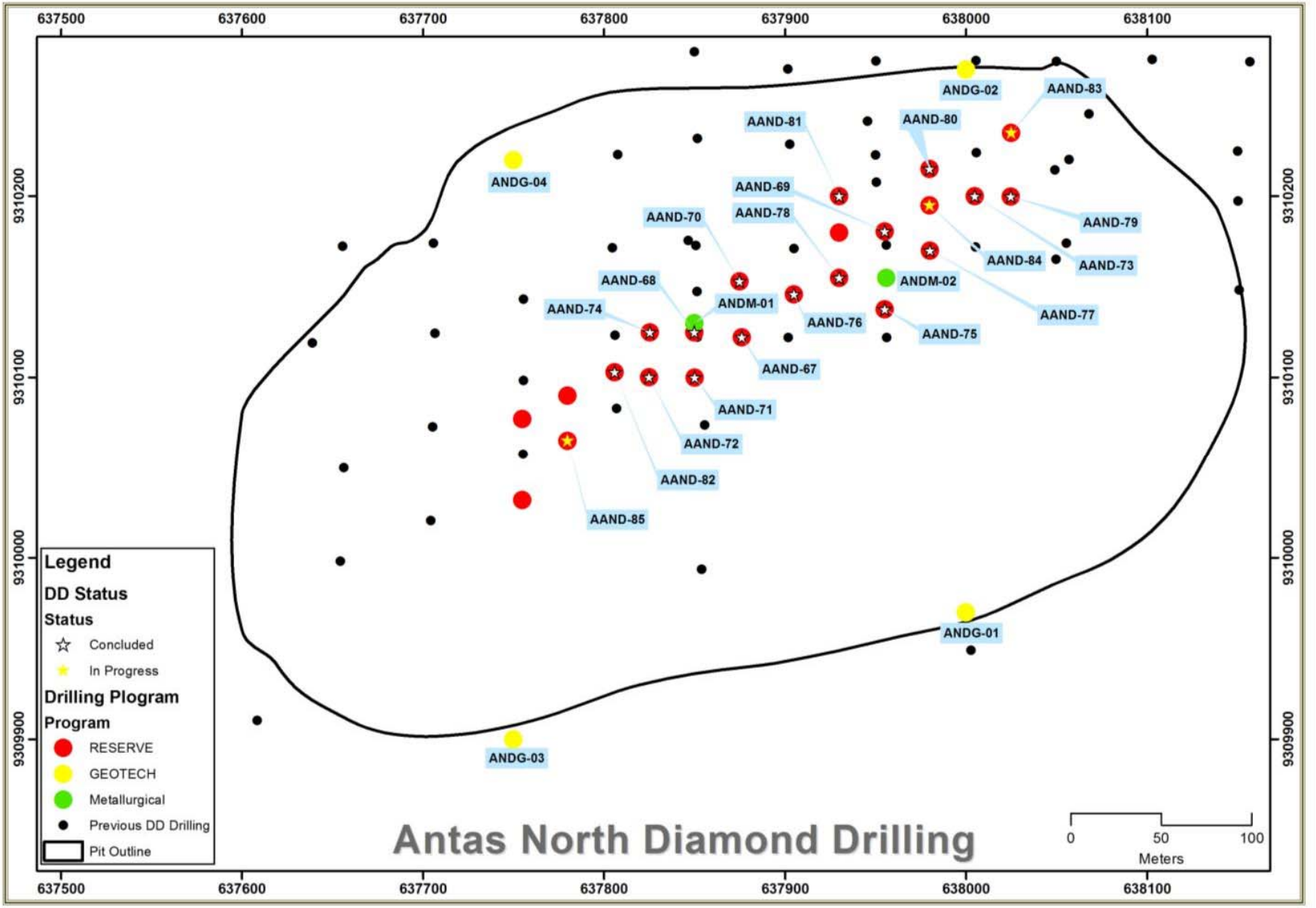
The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Simon Mottram who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Mottram is an Executive Director of Avanco Resources Limited, in which he is also a shareholder. 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 (CP) as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) *"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.*

ANTAS NORTH DEPOSIT - DIAMOND DRILLING RESULTS 2014

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m)	From (m) True Depth	To (m)	Width (m) Downhole	Width (m) True	Cu %	Au g/t
APBD-067	637876.236	9310122.209	251.343	-50.00	180.00	75.65	**Completed**	0.00	0	25.00	25.00	~16	1.26[14]	0.08
And								**25.00**	**~16**	**56.00**	**31.00**	**~20**	**2.72**	**0.65**
Incl.								**37.00**	**~24**	**55.00**	**18.00**	**~12**	**3.95**	**1.07**
APBD-068	637850.070	9310124.813	246.719	-50.00	180.00	90.80	**Completed**	1.20	<1	24.00	22.80	~15	1.65[14]	<0.05
And								**25.00**	**~16**	**79.00**	**54.00**	**~35**	**3.03**	**0.33**
Incl.								**47.00**	**~30**	**51.00**	**4.00**	**~3**	**9.31**	**0.67**
APBD-069	637955.248	9310180.545	274.623	-60.00	180.00	177.05	**Completed**	1.00	<1	18.00	17.00	~9	0.46[14]	0.03
And								**75.65**	~38	**97.00**	**21.35**	~11	**1.14**	**0.57**
APBD-070	637874.912	9310153.012	250.156	-50.00	180.00	118.10	**Completed**	0.00	0	23.00	23.00	~15	0.74[14]	0.07
And								40.00	~26	50.00	10.00	~6	0.56	0.22
And								**54.00**	**~35**	**81.00**	**27.00**	**~17**	**1.89**	**0.78**
Incl.								**59.00**	**~38**	**74.00**	**15.00**	**~10**	**3.03**	**0.48**
APBD-071	637850.276	9310099.954	246.966	-50.00	180.00	50.80	**Completed**	1.00	<1	20.70	19.70	~13	1.32[14]	2.65
And								**20.70**	**~13**	**43.00**	**22.30**	**~14**	**3.70**	**0.23**
Incl.								**27.00**	**~17**	**29.00**	**2.00**	**~1**	**15.40**	**0.19**
APBD-072	637824.953	9310100.142	241.667	-50.00	180.00	76.75	**Completed**	0.00	0	21.00	21.00	~14	1.28[14]	0.07
And								**21.00**	**~14**	**49.00**	**28.00**	**~18**	**3.24**	**1.06**
Incl.								**41.00**	**~26**	**44.65**	**3.65**	**~2**	**10.56**	**4.70**
APBD-073	638004.860	9310199.975	286.223	-50.00	180.00	140.55	**Completed**	0.50	0	17.00	16.50	~11	0.54[14]	0.02
And								**86.00**	**~55**	**119.00**	**33.00**	**~21**	**3.97**	**1.05**
Incl.								**98.25**	**~63**	**2.85**	**18.16**	**~12**	**1.53**	**98.25**
APBD-074	637825.445	9310124.992	240.515	-50.00	180.00	110.80	**Completed**	2.35	~1.5	19.00	16.65	~11	1.31[14]	0.09
And								**47.90**	**~31**	**74.00**	**26.10**	**~17**	**5.35**	**0.86**
Incl.								**47.90**	**~31**	**54.00**	**6.10**	**~4**	**14.87**	**2.35**
APBD-075	637955.152	9310137.639	275.605	-50.00	180.00	100.15	**Completed**	6.00	~4	17.00	11.00	~7	0.43[14]	<0.05
And								27.00	~17	32.00	5.00	~3	0.91	0.56

ANTAS NORTH DEPOSIT - DIAMOND DRILLING RESULTS 2014

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m)	From (m) True Depth	To (m)	Width (m) Downhole	Width (m) True	Cu %	Au g/t
APBD-076	637905.037	9310145.880	259.021	-50.00	180.00	90.10	**Completed**	0.00	0	19.00	19.00	~12	1.10[14]	1.65
And								19.00	~12	62.00	43.00	~27	0.80	0.30
Incl.								44.00	~28	55.00	11.00	~7	1.55	0.30
APBD-077	637980.080	9310170.004	282.997	-55.00	180.00	115.70	**Completed**	At Laboratory						
APBD-078	637930.042	9310154.938	266.651	-50.00	180.00	115.15	**Completed**	At Laboratory						
APBD-079	638024.894	9310199.830	292.129	-50.00	180.00	121.40	**Completed**	At Laboratory						
APBD-080	637980.006	9310214.991	274.753	-55.00	180.00	201.80	**Completed**	At Laboratory						
APBD-081	637929.997	9310200.003	261.415	-50.00	180.00	213.90	**Completed**	At Core Yard						
APBD-082	637805.997	9310102.998	237.181	-50.00	180.00	120.80	**Completed**	At Core Yard						
APBD-083	638024.997	9310234.997	283.386	-50.00	180.00		**In Progress**							
APBD-084	637780.000	9310065.004	234.353	-50.00	180.00		**In Progress**							
APBD-085	637980.002	9310194.992	279.510	-55.00	180.00		**In Progress**							



ANTAS NORTH PLANNED DRILLING. Resource/Reserve drilling. Metalurgical Drilling. Geotechnical drilling.

The following Table and Sections are provided to ensure compliance with the JORC Code (2012 Edition)

TABLE 1 – Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• At Antas North Diamond drilling is used on a nominal spacing of 25m by 25m. Core is cut in half onsite using an industry standard core saw, perpendicular to mineralisation or geology to produce two identical (mirrored) halves. Samples are collected consistently from the same side of cut core, sent to an internationally accredited independent assay laboratory, and analysed for a suite of elements by appropriate analytical techniques for the style and type of Iron Oxide Copper Gold (IOCG) mineralisation
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• The drillhole collar locations are surveyed by Differential GPS by appropriately qualified local survey contractors. Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Logging and sampling is carried out according to Avanco protocols and QAQC procedures as per industry standard, and overseen by its Geological Managers and Competent Person (CP).
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Diamond core is HQ and NQ in size, sampled on mineralised intervals or regular 1.0m intervals in wide mineralised zones. Core is cut in half to produce sample weights of 3-5kg. Samples are crushed, dried and pulverised (total prep) to produce a sub-sample for analysis. Using a four digest drill core samples are analysed for Cu (ICP) and Au (Fire Assay, 50g). Mineralised zones and samples with >2,000ppm Cu are further analysed for "Ore Grade" Cu by Atomic Absorption, and commonly for Ag also. Additional elements may be assayed based on geological observations.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Not including the current drill programme, drilling to date has been a combination of HQ and NQ Diamond drilling (66 holes), plus 12 historic diamond holes.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Diamond core recoveries are logged and recorded in the database. Overall recoveries are consistently >95% in oxide and >98% in fresh rock. Drill sample recoveries are recorded as an average for each metre and recorded in the database. Recoveries are excellent and there are no known sample recovery problems, with the exception of the soil profile
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Diamond core is reconstructed into continuous runs on an angle iron cradle for recovery measurement and core orientation. Depths are checked against those marked on the core blocks, and against the drilling company's records.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• With an excellent history of sample recoveries there is no known sample bias or potential for sample bias.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Logging and sampling is carried out according to Avanco protocols and procedures as per industry standard, and overseen by the Company's Geological Managers and CP. The Company believes that the level of detail and quality of the work is appropriate to support current and future studies.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Core is photographed both wet and dry.

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	• All drill holes are logged in full from start to finish of the hole.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Core is cut in half onsite using an industry standard core saw, perpendicular to mineralisation or geology to produce two identical (mirrored) halves. Samples are collected consistently from the same side of cut core.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• All drilling to date has been by diamond core.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample preparation is according to industry standard, including oven drying, coarse crush, and pulverisation to at least 85% passing 100µm or better.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Avanco uses an industry standard QAQC programme involving Certified Reference Materials "standards" (with Cu grades ranging from low to very high) and blank samples, which are introduced in the assay batches at an approximate rate of one control sample per 20 normal samples. These QAQC results are reported along with the sample values in the preliminary and final analysis reports. Umpire checking of the Primary laboratory is then carried out by a Secondary laboratory, where both are internationally accredited independent assay laboratories.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Duplicates are inserted at an approximate rate of 1 duplicate per 40 normal samples. Umpire checking of the Primary laboratory is then carried out at by a Secondary laboratory, at an approximate rate of 1 control sample per 20 normal samples, or a minimum of 3 umpire samples per hole. Both are internationally accredited independent laboratories.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are considered to be appropriate and correctly represent the style and type of mineralisation.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Core samples use a four acid digest, which is a standard industry method for Base and Precious metals analysis. The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for silica based samples. The method approaches total dissolution of most minerals. "Ore grade" Cu is further analysed by an accredited AAS "Ore Grade" analysis method. The analysis is considered total and appropriate.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• It is the Company's policy not to use in-house tools to determine reportable results for anything other than regional soil sampling. XRF's are used internally by Company geologists to assist in geological and mineralogical interpretation.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Avanco uses an industry standard QAQC programme involving Certified Reference Materials "standards" (with Cu grades ranging from low to very high), blank samples, duplicates and Umpire Laboratory check sampling. Data is analysed and reported internally on a monthly basis for accuracy, precision, repeatability and various biases. This data is also handed over and independently scrutinised by the Company's independent Resource Consultants (CSA Global Pty Ltd), as part of any resource modelling work.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Avanco's Exploration Manager (~30 years' experience) and Chief Geoscientist (~40 years' experience) visually verify significant intersections and results, with further verification by the Company's CP.
	• *The use of twinned holes.*	• The Company uses twin holes routinely in the more advanced stages of resource definition drilling, and for metallurgical drilling

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Primary data is collected on Excel templates with detailed geological and structural logging recorded on paper. Information is transferred, validated, complied, and managed by the Company's in-house database manager in a relational database. All Company Intellectual Property is stored on a central server, kept in a secure and environmentally controlled room. Automated tape back-up occurs on a nightly basis and duplicate back-ups are regularly rotated "off-site" as a secondary precaution in case of loss of the Server site.
	• *Discuss any adjustment to assay data.*	• No adjustments or calibrations are made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Collar locations are surveyed by TopGeo of Parauapebas, Para using Differential GPS tied into the State Survey Datum using true Sea Level RL's. Downhole surveys are done using a Maxbor digital down-hole tool with readings every 3m.
	• *Specification of the grid system used.*	• Universal Transverse Mercator, SAD69 Zone 22 South
	• *Quality and adequacy of topographic control.*	• Detailed Topographic control (1m contours) and Digital Terrain Models were generated with the use of a Drone Survey Aircraft by TopGeo. TopGeo also maintain a network of local survey marks onsite at topographic highs, tied to the State Survey Datum.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The current drill spacing at Antas North is nominally 50m by 50m. The current drill programme aims to infill this data to a nominal spacing of 25m by 25m in the top half of the deposit, for the later generation of reserves sufficient to warrant the start of mining.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Sufficient continuity in both geology and mineralisation has been established to support the classification of Company's existing JORC Reported Mineral Resources as defined in the 2012 JORC Code. As the Company progresses resources to higher levels of confidence in the JORC classification, it will collect appropriate data to ensure compliance with any new classification.
	• *Whether sample compositing has been applied.*	• In the JORC Reported resource estimate, the majority of samples are 1m in length with only a small number of (mostly end of hole) samples being larger than 1m long, or less than 1m where core samples are cut to the limit of mineralisation. In these cases samples are composited to 1m. Statistical analysis shows that this has no effect due to their locations.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Geology and mineralisation at Antas North is approximately sub-vertical, dipping slightly to the North. Thus the majority of drilling is angled to the south, dipping as low as possible (typically -50º) in order to achieve intersections at the most optimal angle possible.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The company does not believe that any sample bias has been introduced which could have a material effect on the resource model, particularly given the strong correlation of mineralisation between holes.
Sample security	• *The measures taken to ensure sample security.*	• "Chain of custody" is managed by Avanco. All core samples are received intact and in their entirety in their core trays at the Company's secure Core Yard in Parauapebas, Para, Brazil. All sampling and work on the samples is carried out within the confines of this secure facility. Samples are delivered by Avanco personnel directly to the laboratory in Parauapebas and thus at no point do the samples leave the possession of Avanco staff prior to arriving at the laboratory. Avanco has protocols and procedures for tracking the progress of the samples through the laboratory, ensuring accurate validation and authentication of results issued by the laboratory in relation to the samples that were submitted.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• CSA Global Pty Ltd (CSA) competed a full onsite (in Brazil) review of all Company drilling, sampling, data and exploration management procedures from start to finish, including a visit to the independent laboratory facilities, as part of their own "Competent Person's" due diligence, prior to commencing Resource Estimation work for Avanco on the Company's projects in Brazil. Avanco received a very favourable review, with no area needing any significant change or improvement, or any concern with the quality and integrity of data received by CSA from Avanco's CP.

TABLE 1 – Section 2: Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• AVB MINERAÇÃO Ltda, a wholly owned Brazilian subsidiary of Avanco Resources Ltd owns the rights to 100% of tenement 835.714/93 - outstanding payment equal to 0.3% of the value of JORC reserves. Existing NSR third party Royalties amount to 1.7%. Additional Royalty of 2% NSR on Cu and 25% NSR on Au proposed to potential investor. State royalties amount to 2% NSR on Cu and 1% NSR on Au. Unless negotiated otherwise (by the owner of the mineral rights) royalty to owner of surface rights equal to 50% of the State royalty.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Granted Exploration license in the process of conversion to a Mining License
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• AVB's CP has determined that the quality and integrity of historical work is adequate, as has the Company's independent resource consultants (CSA) and their CP, for inclusion of historical drilling in resource modelling
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Iron Oxide Copper Gold (IOCG) breccia pipe, hosted predominantly by mafic metavolcanic rocks of the Parauapebas Formation
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *a. easting and northing of the drill hole collar* *b. elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *c. dip and azimuth of the hole* *d. down hole length and interception depth* *e. hole length.*	• Tabulation of information relating to drilling can be found in this report listed in the table "Antas North Deposit – Diamond Drilling Results 2014".
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• This information has been included.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Averaging of mineralised intervals are calculated by the following parameters 1. Weighted averaging of grade/thickness 2. A minimum Cut-off grade of 0.1% Cu 3. A maximum of 3 continuous metres of internal dilution (<0.1% Cu) 4. Top-Cuts of 20% Cu, 10g/t Au

Criteria	**JORC Code explanation**	**Commentary**
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Where intercepts incorporate lengths of "high grade" (in the context of surrounding results), these "high grade" results have been detailed transparently and separately in any reported results, both in the text of the report and in the table "Antas North Deposit – Diamond Drilling Results 2014". Detailed examples are present in this report and the table above.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable. Metal equivalents have not been used.
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*	• See "*Orientation of data in relation to geological structure*" in Section 1.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Both "Downhole widths/depths" and True widths/depths" are quoted where appropriate in this report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Included in this report as deemed appropriate.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable. All results received have been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported) including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Included in this report as deemed appropriate.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Included in this report as deemed appropriate.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Included in this report as deemed appropriate.

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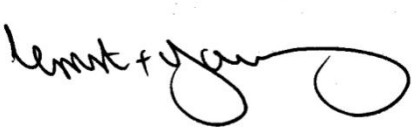
Auditor's Independence Declaration to the Directors of Avanco Resources Limited

In relation to our review of the half-year financial report of Avanco Resources Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young

G H Meyerowitz
Partner
24 February 2014

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Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2013

	Notes	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Revenue			
Interest income		155,358	238,448
Other revenue	3	150,000	-
Total revenue		**305,358**	**238,448**
Public company costs		(76,362)	(67,574)
Consulting fees		(192,699)	(144,367)
Legal fees		(26,542)	(118,714)
Share based payments		(23,064)	(201,568)
Rent and outgoings		(180,983)	(93,003)
Travel expenses		(33,914)	(204,658)
Impairment of exploration expenditure	4	(1,712)	-
Impairment of investments	3	(30,000)	-
Other expenses	2	(143,516)	(146,527)
Loss before income tax		**(403,434)**	**(737,963)**
Income tax expense		**-**	**-**
Net loss for the half year		**(403,434)**	**(737,963)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation		(459,906)	(80,421)
Other comprehensive loss for the half-year		**(459,906)**	**(80,421)**
Total comprehensive loss for the half-year		**(863,340)**	**(818,384)**
Loss per share attributable to owners of Avanco Resources Limited			
Basic and diluted loss per share (cents per share)		(0.03)	(0.07)

Consolidated Statement of Financial Position
As at 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
Assets			
Current Assets			
Cash and cash equivalents		16,642,114	3,669,126
Trade and other receivables		258,670	128,359
Total Current Assets		**16,900,784**	**3,797,485**
Non-Current Assets			
Available for sale investments	3	120,000	-
Plant and equipment		156,812	98,332
Deferred exploration and evaluation expenditure	4	40,927,726	38,056,492
Total Non-Current Assets		**41,204,538**	**38,154,824**
Total Assets		**58,105,322**	**41,952,309**
Current Liabilities			
Trade and other payables		671,146	609,002
Total Current Liabilities		**671,146**	**609,002**
Total Liabilities		**671,146**	**609,002**
Net Assets		**57,434,176**	**41,343,307**
Equity			
Issued capital	5	65,066,522	48,135,377
Reserves		2,993,049	3,429,891
Accumulated losses		(10,625,395)	(10,221,961)
Total Equity		**57,434,176**	**41,343,307**

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2013

	Issued capital $	Accumulated Losses $	Foreign Currency Valuation Reserve $	Option Reserves $	Share based payment Reserves $	Total $
Balance at 1 July 2013	**48,135,377**	**(10,221,961)**	**(2,462,250)**	**549,200**	**5,342,941**	**41,343,307**
Loss for the half-year	-	(403,434)	-	-	-	(403,434)
Other comprehensive loss	-	-	(459,906)	-	-	(459,906)
Total comprehensive loss for the half-year	**-**	**(403,434)**	**(459,906)**	**-**	**-**	**(863,340)**
Transactions with owners in their capacity as owners						
Shares issued during the half-year	18,076,141	-	-	-	-	18,076,141
Cost of issue	(1,144,996)	-	-	-	-	(1,144,996)
Share based payments	-	-	-	-	23,064	23,064
Balance at 31 December 2013	**65,066,522**	**(10,625,395)**	**(2,922,156)**	**549,200**	**5,366,005**	**57,434,176**
Balance at 1 July 2012	**48,135,377**	**(7,978,544)**	**(3,129,826)**	**549,200**	**5,098,917**	**42,675,124**
Loss for the half-year	-	(737,963)	-	-	-	(737,963)
Other comprehensive loss	-	-	(80,421)	-	-	(80,421)
Total comprehensive loss for the half-year	**-**	**(737,963)**	**(80,421)**	**-**	**-**	**(818,384)**
Transactions with owners in their capacity as owners						
Equity issued through option conversion	-	-	-	-	201,568	201,568
Balance at 31 December 2012	**48,135,377**	**(8,716,507)**	**(3,210,247)**	**549,200**	**5,300,485**	**42,058,308**

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2013

	Consolidated	
	31 December 2013 $	31 December 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(598,683)	(760,526)
Interest received	74,674	263,669
Net cash flows used in operating activities	**(524,009)**	**(496,857)**
Cash flows from investing activities		
Payments for deferred exploration and evaluation expenditure	(3,329,537)	(4,121,410)
Payments for plant and equipment	(77,967)	(1,416)
Net cash used in investing activities	**(3,407,504)**	**(4,122,826)**
Cash flows from financing activities		
Proceeds from issue of shares	18,076,141	-
Payments for share issue costs	(1,171,640)	-
Net cash provided by financing activities	**16,904,501**	**-**
Net increase / (decrease) in cash and cash equivalents	12,972,988	(4,619,683)
Cash and cash equivalents at beginning of period	3,669,126	12,083,174
Cash and cash equivalents at the end of the period	**16,642,114**	**7,463,491**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report of Avanco Resources Limited and its controlled entities (the Group) for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 24 February 2014.

Avanco Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' report.

Basis of Preparation

These condensed general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Avanco Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs.

Except as noted below the accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements.

Changes in accounting policies

From 1 July 2013, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or before 1 July 2013:

- *AASB 10 Consolidated Financial Statements:* AASB 10 establishes a new control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations. The adoption of AASB 10 had no effect on the financial position or performance of the Group.

- *AASB 13 Fair Value Measurement:* AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB. AASB 13 defines fair value as an exit price. Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, will be disclosed in the consolidated financial statements for the year ending 30 June 2014.

- *AASB 119 Employee Benefits:* The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard resulted in a change in the accounting policy but did not have a material impact on the financial statements.

The Group has not elected to early adopt any new standards or amendments.

NOTE 2: OTHER EXPENSES

	Consolidated	
	31 December 2013	**31 December 2012**
	$	**$**
Accounting and audit fees	59,409	49,763
Bank fees	22,069	23,350
Insurance	10,843	10,174
Printing and stationary	12,734	8,189
Communications	15,209	15,190
Depreciation	17,908	37,358
Other	5,344	2,503
Total other expenses	**143,516**	**146,527**

NOTE 3: AVAILABLE FOR SALE INVESTMENTS

	Consolidated	
	31 December 2013	**31 December 2012**
	$	**$**
Listed shares at fair value	**130,000**	**-**
Movements in available for sale investments:		
Opening balance	-	-
Additions	150,000	-
Disposals	-	-
Fair value adjustments	(30,000)	-
Balance	**120,000**	**-**

During the period the Company received shares in Voyager Resources Limited (Voyager) as consideration for services performed in assisting Voyager with the transfer of exploration Licenses in Brazil.

All Available for sale investments are quoted on the Australian Securities Exchange.

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2013	**30 June 2013**
	$	**$**
Carrying amount at the beginning of period	38,056,492	30,964,686
Exploration expenditure during the period	3,143,782	7,384,798
Net exchange difference on translation	(270,836)	656,725
Impairment	(1,712)	(949,717)
Carrying amount at the end of period	**40,927,726**	**38,056,492**

NOTE 5: ISSUED CAPITAL

	Consolidated	
	31 December 2013	**30 June 2013**
	$	**$**
Issued and paid up capital		
Issued and fully paid	**65,066,522**	**48,135,377**

	31 December 2013		30 June 2013	
	No.	**$**	**No.**	**$**
Movements in issued capital				
Opening balance	1,113,993,968	48,135,377	1,113,993,968	48,135,377
Shares issued during the half-year	241,015,219	18,076,141	-	-
Transaction costs on share issue	-	(1,144,996)	-	-
Closing balance	**1,355,009,187**	**65,066,522**	**1,113,993,968**	**48,135,377**

NOTE 6: SEGMENT REPORTING

For management purposes, the Company is organised into one main operating segment, which involves mineral exploration for copper and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The accounting policies used in reporting segments internally are the same as those contained in note 1 to the accounts.

NOTE 7: DIVIDENDS

No dividends have been paid or provided for during the half-year (2012: nil).

NOTE 8: CONTINGENT LIABILITIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 9: SUBSEQUENT EVENTS

There have been no significant events subsequent to the half-year to the date of this report.

NOTE 10: FAIR VALUE MEASUREMENT

At 31 December 2013 the carrying value of all financial assets and liabilities is considered to approximate fair values.

DIRECTORS' DECLARATION

In the opinion of the Directors of Avanco Resources Limited ('the company'):

1. The financial statements and notes thereto of the consolidated entity, as set out on pages 16 to 22, are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

Scott Funston
Director
Perth, Western Australia
24 February 2014

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To the members of Avanco Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Avanco Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Avanco Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

GHM:MM:AVANCO:004

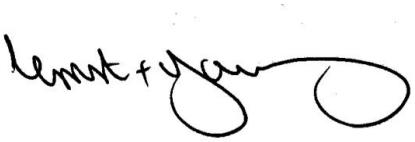
Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avanco Resources Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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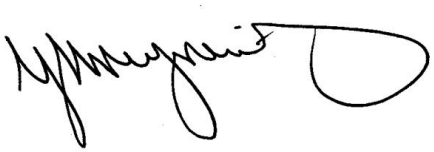

G H Meyerowitz
Partner
Perth
24 February 2014

GHM:MM:AVANCO:004