

## June Quarter Highlights

- Avoca completes construction of its new 1 Mtpa CIL Higginsville treatment facility on time and under budget.
- Avoca pours its first gold bar from Trident on 8th July 2008.
- Time taken from acquisition of Higginsville Project to first gold pour after discovering Trident deposit in less than four years.

### Trident Underground Gold Mine

- 94,666t at an estimated grade of 4.1 g/t for 12,428 ounces was mined and stockpiled.
- 2,843m of underground development was achieved.
- Additional low grade ore was mined totaling 46,004t @ 1.7 g/t
- 10,126m of underground diamond drilling was completed, and include:

#### Athena:

- 0.8m @ 582.0 g/t gold
- 4.4m @ 79.3 g/t gold
- 2.6m @ 51.9 g/t gold

#### Eastern Zone:

- 0.6m @ 208.0 g/t gold
- 15.0m @ 6.1 g/t gold
- 3.0m @ 28.1 g/t gold

#### Western Zone:

- 25.0m @ 6.0 g/t gold
- 33.0m @ 3.4 g/t gold
- 20.0m @ 5.4 g/t gold
- 11.0m @ 9.0 g/t gold

#### Poseidon:

- 1.0m @ 54.0 g/t gold
- 4.0m @ 10.3 g/t gold
- 1.0m @ 38.0 g/t gold

### 1Mtpa Higginsville Treatment Plant

- Design and construction completed on time and within AUD\$49.2 million budget. Avoca receives \$500,000 rebate due to plant construction being completed under budget.
- Plant commissioning during the quarter includes 32,973 tonnes of crushed material and 22,371 tonnes milled.

### Higginsville Project Infrastructure

- Completion was reached on a number of key infrastructure projects including: 160 person accommodation village, the mine office administration building, the 10MW dual diesel, gas-fired power station, installation of the fibre optic cable for communication between site and Perth office; potable water supply infrastructure; and the Chalice pumping station with 30km of pipeline.

### Higginsville Exploration Results

- New lode position was discovered at Chalice: 10m @ 3.8 g/t gold from 509m, 100m east of existing underground resource.
- New lode at Trident called Artemis: 2m @ 50.6 g/t gold from 806m and 2.7m @ 20.3 g/t gold.
- Encouraging drill results received from Two Boys: 2m @ 11.3 g/t gold from 79m depth, lying 100m north-west of the mined out Two Boys deposit (100% Avoca) and 2m @ 10 g/t (109m) adjacent to Pod A, 150m north - east of Two Boys.
- Vine JV: potential new lodes at Vine with 13m @ 3.9 g/t gold from 362m and 2m @ 9 g/t gold.
- Chalice: strong mineralisation intersected in Deeps 2 area. New intersections include 18m @ 4.9 g/t gold from 386m and 2m @ 9.5 g/t gold (368m).
- Infill drilling from the previously announced near-surface Wills discovery returned excellent results, including: 5m @ 11.4 g/t gold from 24m, 3m @ 11.3 g/t gold (21m) and 3m @ 9.0 g/t gold (20m).

### Corporate

- Financial close was reached of the \$AUD71M senior debt facility announced to the market on 14 March 2008, enabling the Company to execute its first draw down.
- Avoca purchased put options over 438,933 ounces at a strike price of \$830 per ounce.

## 1. Higginsville Gold Project

The Trident Gold Deposit is located within the historic mining centre of Higginsville which lies midway between the world class gold mining camps of St Ives (+15Moz) and Norseman (+6Moz) in the Eastern Goldfields of Western Australia. Avoca acquired the Higginsville Gold Project in July 2004, and quickly discovered the Trident gold deposit. Following an extensive drill out and subsequent feasibility studies, approval was given to commence development by the Avoca Board in early 2007. The initial JORC mining reserve is 3.4Mt @ 5.3 g/t gold for 581Koz gold. Annual production levels in the order of 160 – 190Koz per annum are targeted. Subsequent discoveries at Higginsville provide the Avoca Directors with confidence that extensions to the original four year life of Trident will occur over time. Along with Trident, the Company believes the endowment of the Higginsville Gold Project will provide for a 10+ year mine life.

### 1.1 Trident Underground Gold Mine Update

#### Mine Development

The June quarter was marked by an increase in ore production, principally from ore drive development on the Western Zone and Athena Lodes. Mining from the Eastern Zone was focused on stoping the large sub-level open stope at the top of the Eastern Zone. The large stope was designed to mine a stockwork of mineralisation up to 25m across in areas previously defined as a series of predominantly steep east-dipping lodes.

Total underground development for the quarter was 2,843m. Of this, 328m was in the Trident and Athena declines with the majority of the remainder being ore development. To the end of the quarter, the Trident decline had achieved 1,350m of advance from the portal.

Mining and stockpiling from Trident achieved 94,666t at an estimated grade of 4.1 g/t gold for 12,428 ounces of gold. In addition, 46,004t @ 1.7 g/t gold of low grade material containing an estimated 2,515 ounces of gold was stockpiled separately. All ore mined was stockpiled on the surface awaiting commissioning of the treatment plant which occurred toward the end of the quarter. By quarter-end, 145,306t at an estimated grade of 4.0 g/t gold of high grade ore and 115,709t @ 1.3 g/t gold of low grade ore had been stockpiled on the surface.

No LTIs and one MTI occurred during the quarter. Avoca has now reached 826 days Lost Time Injury free on site.

**Underground Drilling and Exploration**

Underground drilling during the quarter focused on grade control drilling for stope definition of each of the Western and Eastern Zones; and the Athena Lodes. Extensions to the Athena Lodes were also targeted north and south of the defined Athena mineralisation. Total drilling amounted to 10,126m for the quarter, with significant results including:

**Athena**

- 0.8m @ 582.0 g/t gold
- 4.4m @ 79.3 g/t gold
- 2.6m @ 51.9 g/t gold
- 5.0m @ 17.5 g/t gold
- 0.6m @ 122.0 g/t gold
- 6.0m @ 11.9 g/t gold
- 1.0m @ 60.9 g/t gold
- 3.0m @ 19.2 g/t gold
- 0.5m @ 103.0/t gold
- 10.0m @ 4.3 g/t gold
- 2.0m @ 18.1 g/t gold
- 2.2m @ 13.1 g/t gold
- 0.8m @ 21.3 g/t gold

**Eastern Zone**

- 0.6m @ 208.0 g/t gold
- 15.0m @ 6.1 g/t gold
- 3.0m @ 28.1 g/t gold
- 5.8m @ 11.0 g/t gold
- 9.0m @ 6.3 g/t gold
- 7.0m @ 7.9 g/t gold
- 5.0m @ 8.1 g/t gold
- 3.1m @ 11.9 g/t gold
- 8.4m @ 5.9 g/t gold
- 3.0m @ 11.4 g/t gold
- 1.0m @ 16.0 g/t gold
- 1.0m @ 11.9 g/t gold

**Western Zone**

- 25.0m @ 6.0 g/t gold
- 33.0m @ 3.4 g/t gold
- 20.0m @ 5.4 g/t gold
- 11.0m @ 9.0 g/t gold
- 7.1m @ 11.6 g/t gold
- 14.2m @ 5.6 g/t gold
- 12.0m @ 6.1 g/t gold
- 11.1m @ 6.1 g/t gold
- 4.0m @ 11.3 g/t gold
- 3.6m @ 10.8 g/t gold

**Poseidon**

- 1.0m @ 54.0 g/t gold
- 4.0m @ 10.3 g/t gold
- 1.0m @ 38.0 g/t gold
- 3.1m @ 10.4 g/t gold
- 0.4m @ 27.5 g/t gold

Figure 1: First gold pour.



### 1.2 Higginsville Treatment Plant

Construction of the new 1 million tonne per annum CIL treatment plant at Higginsville was completed on time and within the AUD\$49.2 million budget. As part of the EPC plant construction contract with GR Engineering Services Pty Ltd (GRES), any savings on the fixed price sum is shared equally between Avoca and GRES. Following confirmation from GRES that actual expenditure will be at least \$1 million less than budgeted expenditure, Avoca has received an initial \$500,000 cash rebate. The calculation of the final amount to be rebated to Avoca will be made after the completion of the plant performance testwork.

During the quarter commissioning of the crushing circuit was completed, and performance testwork commenced. Commissioning of the milling circuit and the wet end of the plant was also commenced.

The company poured its first gold bar on 8th July 2008 following the treatment of medium grade commissioning ore, with an estimated grade of approximately 2 g/t gold. (Figure 1) The bar was poured from the gravity electrowinning cell, whilst the leach circuit was continuing its gold loading to carbon.

By the end of the quarter, plant commissioning included 32,973 wet tonnes were crushed. 22,371 dry tonnes were milled and average mill throughput rate was 94tph.

Figure 2: Mill at night.



### 1.3 Higginsville Project Infrastructure Update

The majority of Avoca's infrastructure project construction at Higginsville was completed on time and within respective budgets during the quarter. Completed works are summarised as:

- All camp works have been completed for the new 160 person village, including installation and commissioning of the new kitchen and diner, accommodation units, verandahs, pathways and all services (Figure 3). Installation of the wet mess commenced and will be completed next quarter.
- The mine office administration building has been installed and all services connected.
- Decommissioning of the old camp commenced.
- The 10MW dual diesel, gas-fired power station supplying power site-wide was completed.
- Installation of the fibre optic cable for the communication link to the Perth office was completed.
- The potable water supply infrastructure is complete.
- The Chalice pumping station and 30km of pipeline to the plant is complete. Installation of 70m high towers to enable wireless line-of-sight communications to manage water telemetry was also completed. Water from Chalice is being used at the plant.
- Testwork on crushed waste rock from Higginsville intended for use in the new airstrip has commenced to determine its suitability.

Figure 3: New camp accommodation is complete.



### 1.4 Higginsville Exploration

Surface exploration continued at several regional targets within Avoca's 2,700km<sup>2</sup> holding at Higginsville: Fairplay North, Two Boys and Chalice. A total of 9,667m of surface diamond drilling and 4,350m of surface RC drilling was completed during the quarter.

#### Chalice

The Chalice gold deposit lies 30km to the west of Avoca's treatment plant at Higginsville. The deposit was acquired in mid 2007 as part of Avoca's consolidation of the gold belt between St Ives and Norseman. At the time of acquisition, the Chalice underground JORC inferred resource was 457Kt @ 5.3 g/t gold for 78,000 ounces.

Avoca has completed approximately 20 diamond drill holes at Chalice over the last 12 months targeting new lode positions as well as developing an improved geological understanding of the Chalice deposit. Recent drilling has confirmed the discovery of a new lode, located 100m into the footwall of the main lodes at Chalice, as well as returning highly encouraging results from the previously described Deeps 2 position.

#### Discovery of New Lode

The discovery of a new high grade lode at Chalice, located 100m into the footwall of the existing Deeps 3 inferred resource (321Kt @ 5.8 g/t gold for 60,000 ounces) provides an opportunity to substantially increase the Chalice underground resource base (Figure 4).

#### High Grade Drill Results from Deeps 2 Area

During the quarter, Avoca targeted the Deeps 2 area to better define the known mineralisation that lies 150m below the 1990s underground workings at Chalice, from which 250Kt @ 5.0 g/t for 40,000 ounces were mined. No previous resource has been estimated at Deeps 2 due to the poor confidence levels of grade and continuity of the Deeps 2 mineralisation. Infill drilling by Avoca has successfully delineated two parallel, moderately west-dipping lodes.

Two intersections returned during the quarter were: 18m @ 4.9 g/t gold from 386m and 2m @ 9.5 g/t gold from 368m in CHAD020. With the improved confidence levels of lode geometry, the Deeps 2 Area will become part of the updated Chalice resource estimate planned for the September quarter.

Figure 4: New Footwall Lode Discovery at Chalice, 100m East of the Deeps 3 Resource.

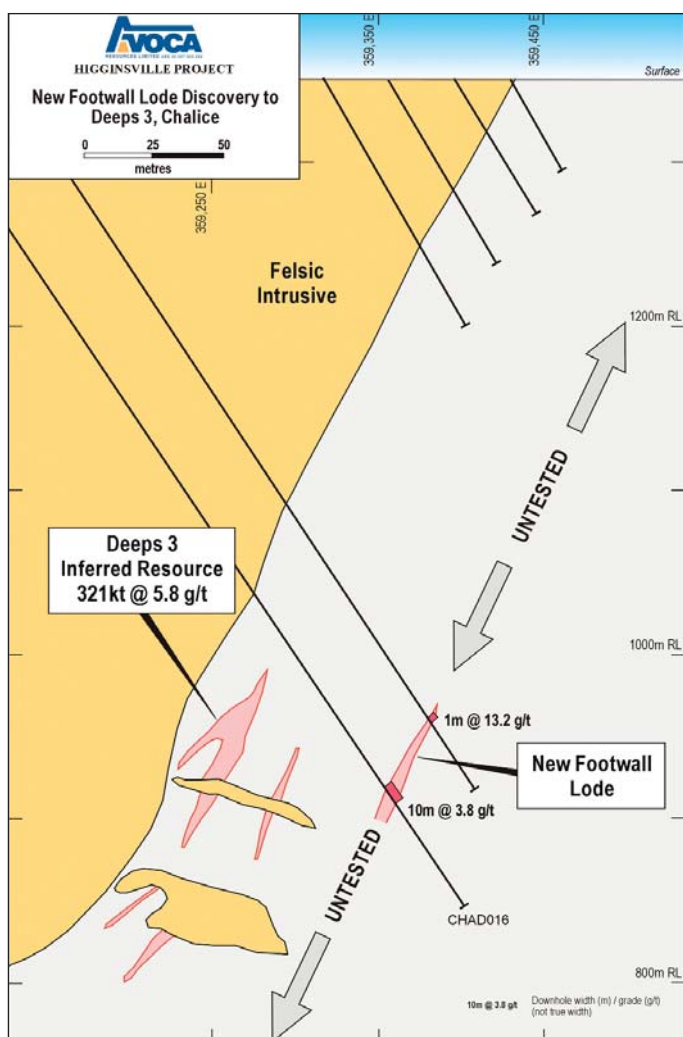
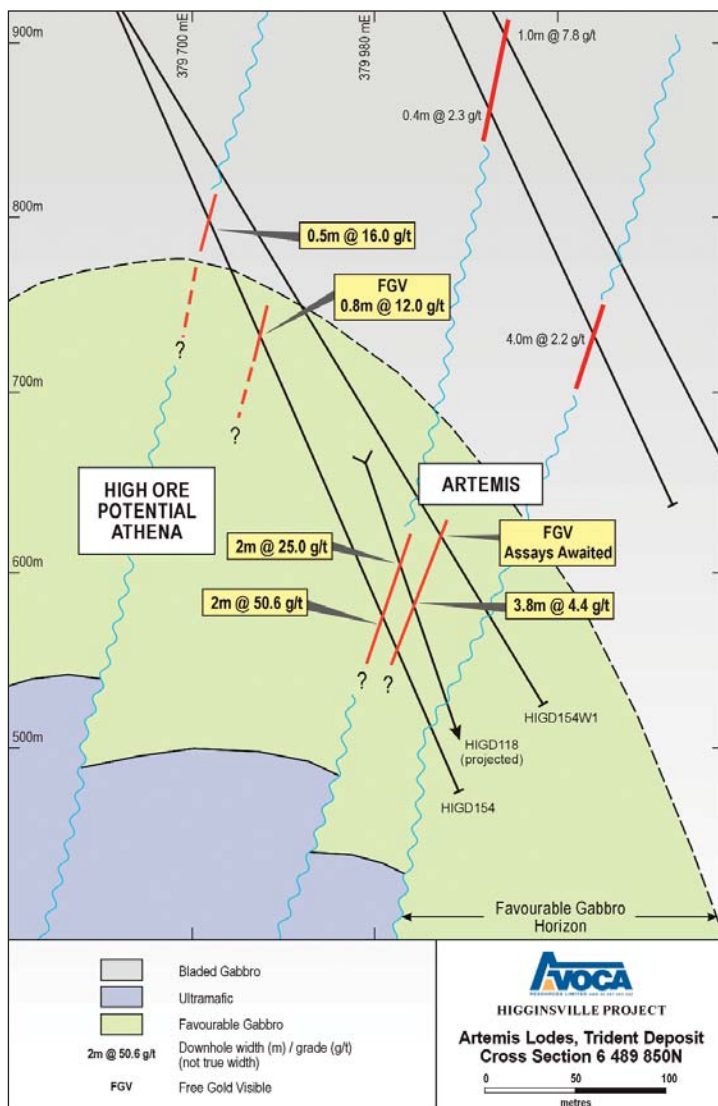


Figure 5 : Location of Artemis Lodes discovery, 150m east of the Athena Lodes.



**Trident**

Surface drilling at Trident testing the down-plunge extensions of the Trident mineralised system has discovered a new Athena-like high grade lode called Artemis at a vertical depth of approximately 750m.

The high grade Artemis Lodes lie 150m east of the interpreted Athena Lodes and are defined as steep, west-dipping laminated veins (Figure 5) and have been intersected in six drill holes defining a dip extent to date in excess of 100m and a strike extent of over 300m. The Artemis Lodes remain open in all directions, with better results returned during the quarter of: 2m @ 50.6 g/t gold from 806m in HIGD134W1 and 0.5m @ 21.2 g/t gold also from 806m in HIGD133. Figure 5 is a cross section showing the location of the Artemis Lodes (including the 2m @ 25 g/t gold intersection in HIGD118 previously released) in relation to the highly prospective, and untested interpreted position of the Athena Lodes.

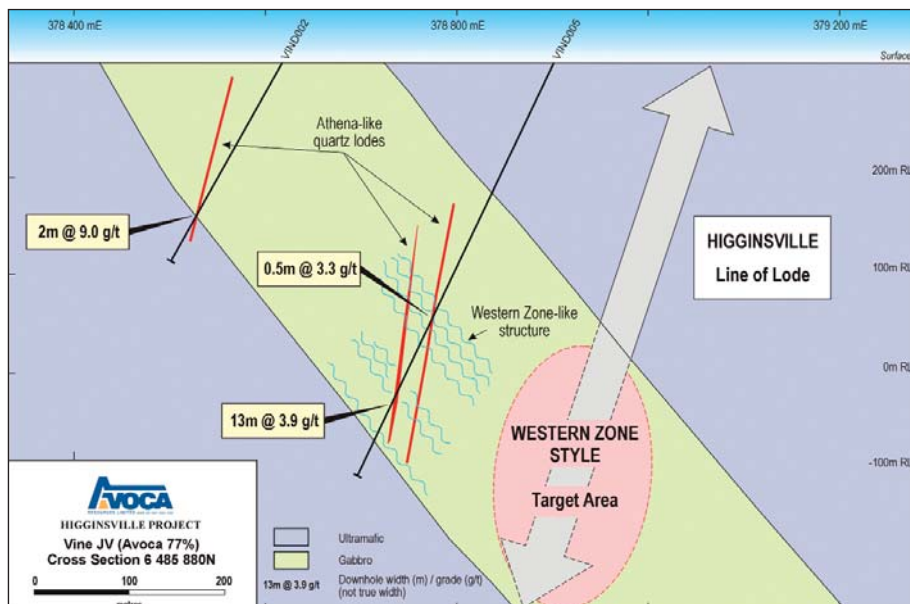
**Two Boys Drilling Update**

Since acquiring the Two Boys project in late 2007, Avoca has conducted a detailed review of available information and commenced a diamond drilling and RC drilling program aimed at defining extensions to the Two Boys deposit (180Kt @ 14 g/t gold for 80Koz mined), and for new ore surfaces within the Two Boys environs. Two Boys lies within the 6km Higginsville Line of Lode referred to above.

Two drill holes completed during the quarter each returned positive results demonstrating the potential to increase known resources. Drill hole HITR004 intersected 2m @ 11.3 g/t gold from 79m and located 100m northwest of the mined out Two Boys lode; whilst the second hole intersected 2m @ 10.4 g/t gold from 109m and lies 20m south of Pod A, located 150m north-east of Two Boys.

The drilling confirms the excellent potential for the discovery of Two Boys-style lode positions adjacent to the mined out resource. Avoca owns the Two Boys decline which mined to a depth of 180m below surface. The decline provides an excellent access point to any new discovery found near two Boys and within the Higginsville Line of Lode.

Figure 6: Cross section of the Vine JV project showing location of Western Zone-style target at the intersection of the Higginsville Line of Lode and a large structure evident in the Vine Gabbro.



### Vine JV Drilling Update

The Vine JV is a joint venture project between Avoca, having earned 77%, and Aquarius Platinum Australia Ltd (23% and diluting). The JV project lies 3km south-south-west of Trident and is contained to a single 1.8km<sup>2</sup> tenement. The Vine JV resource is currently 0.97 Mt @ 1.6 g/t gold for 50,000 ounces and is classified as a JORC inferred resource. It lies within the 6km long "Higginsville Line of Lode" incorporating Trident.

The target at Vine is a Trident-style Western Zone lying below Athena Lodes-like mineralised quartz veins intersected higher in the host gabbro – a body of rock very similar to the Trident-hosting gabbro. The Western Zone-style target is defined as the intersection of a broad east-dipping structure evident in diamond drilling at Vine (VIND005, see Figure 6), and the overall trend of the Higginsville Line of Lode. The figure below is a cross section

showing the location of the Western Zone-style target in relation to the intersected Athena-like veins which have recently returned results such as: 2m @ 9 g/t gold from 170m in VIND002 and 13m @ 3.9 g/t gold from 300m in VIND005.

### Wills

Avoca's Wills discovery announced in July 2007, and located 25km north of the 1Mtpa Higginsville treatment facility, has undergone a detailed 20m x 20m infill drill program. The Wills mineralisation is a shallow flat-lying supergene blanket of oxide mineralisation occurring predominantly at depths of 17-22m below surface. Approximately 50% of the infill drilling program of 179 holes has been returned, with all results above a 1 g/t cut off announced to the ASX on 25th July 2008. The better results returned from the infill program include: 5m @ 11.4 g/t gold from 24m, 3m @ 11.3 g/t gold (21m), 3m @ 9.0 g/t gold (20m) and 4m @ 4.0 g/t gold (23m).

### Higginsville North

Assay results from a 56 hole aircore program on an approximately 40m x 80m drill pattern at Higginsville North has returned gold anomalism to 0.5 g/t in several holes including a best result of 15m @ 1.10 g/t gold. The Higginsville North program is located 15km north of Trident and has returned sufficient anomalism to warrant a follow-up drill program.

## 2. Joint Venture Projects

Table 1: Joint Venture Portfolio

JV Partner	Project	% Quoted
La Mancha	Mungari	Earned 51%
Integra Mining	Cowarna	Earned 80%
Metex / Barrick	Laverton	Earned 70%
Hawthorn	South Laverton	Earned 80%
Regal Resources	Mt Goose	Earning 80%
Encounter Resources	Lake Way Uranium	Earned 60%
Encounter Resources	WA-based uranium portfolio	Earned 80%

### Western Australia Uranium JV Project Encounter 80%, Avoca (contributing) 20%

#### Pingandy Creek

Large scale, drill ready Zinc-Copper-Lead-Silver (Zn-Cu-Pb-Ag) targets have been defined at the Tchintaby Well and Pingandy Creek projects in the Bangemall Basin in Western Australia. A detailed gravity survey completed during quarter at Pingandy Creek identified five significant Zn-Cu-Pb-Ag drill targets located 50km to the west of the Zn-Cu-Pb-Ag previously defined by the company at Tchintaby Well. Drilling programs are planned to commence next quarter.

#### Hillview

An initial inferred resource has been estimated at the Hillview uranium project located 50km south east of Meekatharra in Western Australia. The JORC compliant inferred resource is estimated to be 27.6 million tonnes averaging 174ppm U<sub>3</sub>O<sub>8</sub> for a contained 10.6 million pounds (100ppm cut off).

## 3. Corporate

### Completion of Financial Facility

Financial close of the \$AUD71M senior debt facility announced to the market on 14 March 2008 was reached during the quarter. The co-financiers of the facility are Société Générale Australia Branch (SocGen) and the Commonwealth Bank of Australia (CBA)

The senior debt facility was used to re-finance the existing SocGen facility comprising a \$23 million unsecured cash advance facility and a \$3.0 million Performance Bond Guarantee Facility. A draw down of \$20M has been made under the senior debt facility during the quarter to fund construction and operational expenditure.

### Acquisition of Put Option Program

During the quarter, the Company completed the purchase of put options for 438,933 ounces at a strike price of AUD\$830 per ounce. The put options will provide a guaranteed minimum gold price for gold sold from Avoca's Trident Gold Project for a period of 34 months. The put options are being financed on a deferred premium basis over the 34 month period and have an average cost (including financing costs) of \$30 per ounce.

### Shareholders

During the quarter, 3,442,856 shares were issued following:

- The conversion of 2 million options with an exercise price of \$1.79 each held by Chalice Gold Mines, being issued in 2007 as part-consideration of the Chalice gold mine acquisition.
- Conversion of 300,000 employee options at an exercise price of \$0.90 each.
- Conversion of \$2 million of convertible notes issued in 2007. The number of shares pursuant to the conversion of convertible notes was 1,142,856.

Table 2: Avoca's top six shareholders

Shareholder	% quoted
CITICORP NOMINEES PTY LTD	25.73
JP MORGAN NOMINEES AUST LTD	14.51
HSBC CUSTODY NOMINEES AUST LTD	7.99
NATIONAL NOMINEES LTD	5.49
ANZ NOMINEES	1.06
AUST NATIONAL UNIVERSITY	1.06

The total number of shares currently quoted on the ASX as at 30 June 2008 is 222,501,331.

### 4. Finance

As at 30 June 2008, Avoca had cash reserves of \$1.6 Million. The Company had available undrawn senior debt funding capacity of \$23M, together with a Performance Bond Guarantee Facility limit of \$5M of which \$3.5M was drawn.

For and on behalf of the Board,



**Rohan Williams**  
Managing Director

The Information in this report that relates to Exploration Results is based on information compiled by Mr Rohan Williams, Mr Geoff Collis and Mr Chris Newman who are Members of the Australasian Institute of Mining and Metallurgy. Messrs Williams, Collis and Newman are full time employees of Avoca Resources Limited, and have sufficient experience which is relevant to the style of mineralisation under consideration to qualify as Competent Persons as defined in the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Williams, Collis and Newman consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.