

18 April 2002

Avoca Resources Limited

New Eastern Goldfields Focussed Explorer

SPECULATIVE BUY

Key Points

- High quality management and exploration team with a proven track record of finding and developing economic ore bodies.
- Two key undrilled Eastern Goldfields (WA) projects over major mineralising structures that host world class gold mining centres (+5 moz).
- Significant land holdings on the SA Stuart Shelf targeting Olympic Dam style copper-gold mineralisation.
- Global South African gold miner, Gold Fields Ltd, is a strategic investor in AVO with a 13% holding.

Activity Timetable

- AVO anticipates grant for the Mungari and Wiluna South gold projects to occur prior to the end of April.
- Exploration will commence immediately upon grant of both project areas with aircore drilling being undertaken on Lake Way for the Wiluna South project, and initial surface geochemistry followed by drilling on the Mungari gold project.
- Seven of eleven tenements on the Stuart Shelf are due for grant mid to late April.
- Following grant of title, exploration will commence with detailed ground based gravity and surface geochemical surveys. Diamond drilling will follow on the highest ranked geological, geochemical and geophysical Olympic Dam style targets.

Directors

- Robert Reynolds - Non-Executive Chairman
- Rohan Williams - Managing Director
- Ian Buchhorn - Non-Executive Director
- Stephanie Unwin - Non-Executive Director

Analyst Opinion

*The overwhelming level of support for the new Eastern Goldfields focussed **Avoca Resources Limited** (AVO) float can largely be attributed to the expectation the key Mungari and Wiluna South gold projects, both along strike from major gold mining centres, are highly prospective and a gold discovery would add considerable shareholder value.*

All this depends on the quality of the personnel and whether they have a successful track record as discoverers. AVO has such high quality management which augurs well for their future.

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Issued & Paid Up Capital

Offer Price	20¢
Current Share price	18.5¢
Shares on issue prior to the Offer ²	21.0m
Vendor Shares ³	1.1m
Shares offered under the IPO	30.0m
Sub-total	52.1m
Oversubscriptions	5.0m
Total Issued Shares	57.1m
Unlisted employee options ^{1,5}	3.4m
Unlisted vendor options ⁴	6.0m
Total Unlisted Options	9.4m
Market Cap.	\$10.6m

1 Options held by Directors, management and Heron Resources Limited (HRR) employees, including 0.3m unlisted Options needing Shareholder approval after listing.

2 6.7m shares held by related parties of HRR and AVO escrowed for 2 years.

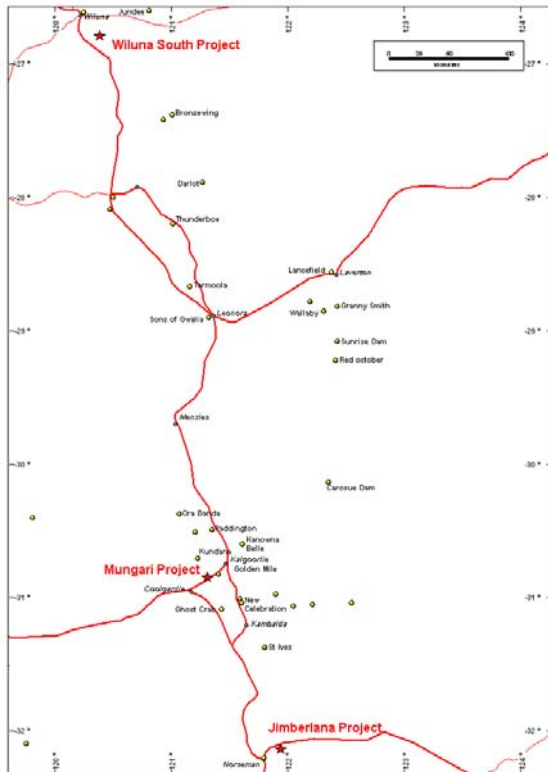
3 Escrowed for 1 year.

4 6m held by HRR escrowed for 2 years.

5 1.4m held by AVO Directors escrowed for 2 years.

BACKGROUND

Avoca Resources Limited (AVO) was incorporated on 8 June 2001 for the purpose of transferring the non-nickel laterite assets of Heron Resources Limited (HRR) to AVO. As a result, AVO acquired an extensive tenement portfolio in the Eastern Goldfields of Western Australia totalling approximately 6,239 km². AVO has three key projects within the Eastern Goldfields: Mungari Gold Project, Wiluna South Gold Project and Jimberlana PGM Project.



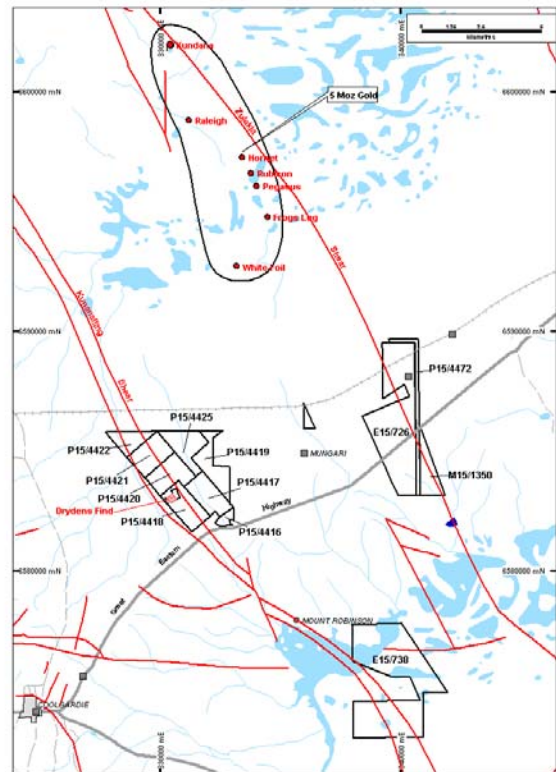
In addition to the key projects in the Eastern Goldfields, AVO has 14 joint ventures in progress with several of the world’s leading international gold mining companies including Gold Fields, AngloGold, Harmony, Placer Dome, Newcrest Mining and Aurion Gold. The AVO joint venture portfolio requires joint venturers to expend in excess of \$8.9m to earn their equity positions. The joint ventures typically provide for AVO to be free carried to a decision to mine while retaining a royalty position, should AVO not wish to contribute to joint venture expenditure.

AVO has also lodged exploration licence applications over 16,621 km² of the Stuart Shelf in South Australia. The South Australian tenements lie almost exclusively within, and define a large component of, an area defined by a collaborative Federal and State governments’ geoscience initiative called the Olympic Copper Gold Province Study. This area is considered highly prospective for large to superlarge Proterozoic copper-gold deposits. The Stuart Shelf project is also a key project for AVO.

PROJECTS

MUNGARI GOLD

The 35 km² project area covering 11 tenements is located 10 km SW of Kalgoorlie. The project comprises two separate and contiguous tenement blocks: the eastern block, lying SSE and along strike of the Kundana Gold Camp, contains 4 km strike of the Zuleika Shear Zone and the western block, centred on the historic Dryden’s Find gold workings, contains 6 km strike of the Kunanalling Shear Zone. Both shears are highly prospective for Archaean lode gold mineralisation.



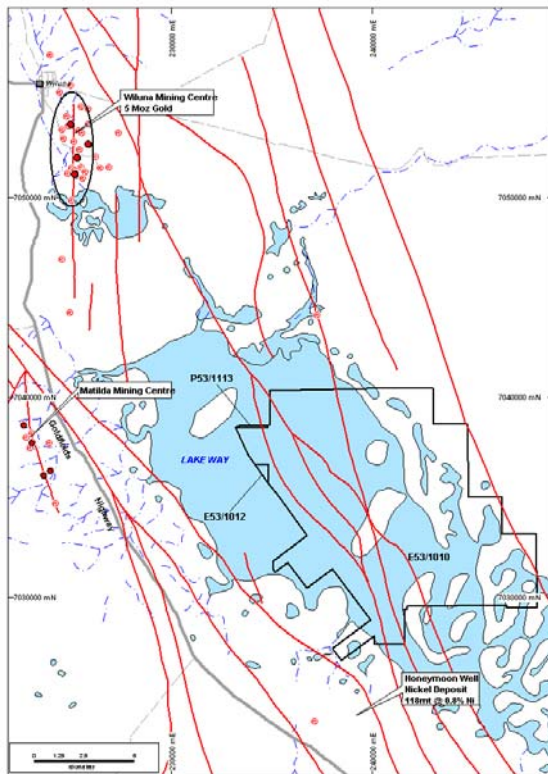
Three of AVO’s tenement applications are 10 km SSE along strike from the 0.75 moz Frog’s Leg gold deposit on the mineralised Zuleika Shear Zone. This is a prime structural setting, hosting from north to south the Kundana, Raleigh, Hornet, Rubicon and Frog’s Leg deposits. Together these deposits represent a total gold endowment of over 5 million ounces.

The project, which is dominantly covered by transported material, has been superficially explored by several companies and remains undrilled. AVO has concluded that the tenements host a layered dolerite which represents a strong exploration target with potential to host Kundana-camp style gold mineralisation.

Immediately following grant, AVO will undertake auger geochemistry and/or aircore drilling to define gold-in-regolith anomalism prior to commencing systematic RC drilling to delineate the orientation of mineralisation.

WILUNA SOUTH GOLD

The 117 km² project area covering 3 tenement applications is situated within Lake Way and is located 15 km SE of the 5 million ounce Wiluna gold mining centre.



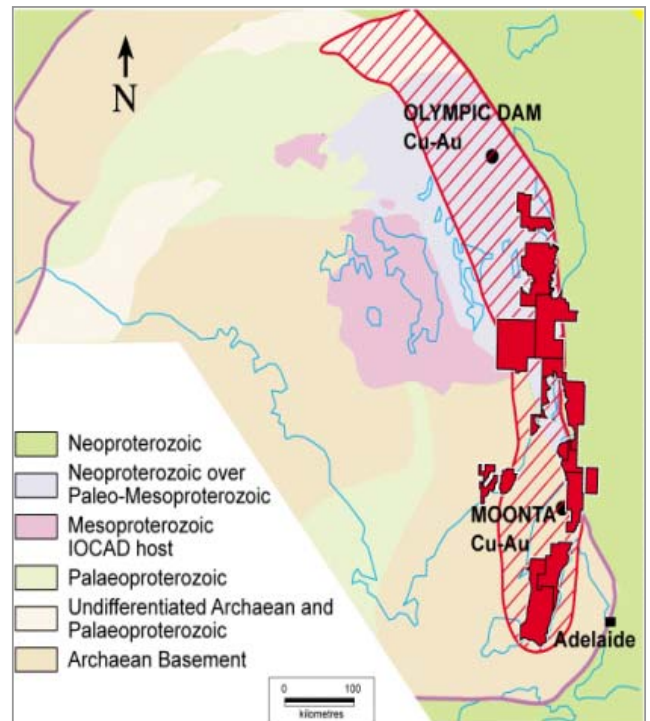
Aeromagnetic interpretation indicates that the project area contains a 12 km strike of the Wiluna Mine sequence and minimal thickness of lake sediments. In addition, several north-south oriented structures running through AVO’s tenure are evident in the magnetics and are significant as they belong to the same family of structures that control mineralisation at the Wiluna camp.

Normandy Mining Ltd has been actively exploring Lake Way for about two years. It has delineated two prospects (Carol Prior and Williamson) immediately west of AVO’s tenement boundary. Better gold intercepts include 4m @ 25.0 g/t from 32m and 24m @ 3.8 g/t from 32m.

There has been no previous exploration for gold on the AVO tenements. AVO will complete systematic aircore drilling over the structural targets identified from the aeromagnetic interpretation to define gold-in-regolith anomalism. Following definition of regolith anomalism, AVO will undertake diamond drilling and, where possible, RC drilling to confirm the orientation of mineralised structures.

STUART SHELF COPPER-GOLD

AVO has a near contiguous 16,621 km² project area within the Stuart Shelf Province of South Australia. The project area overlies the eastern margin of the Gawler Craton and is considered prospective for copper-gold mineralisation. AVO has made application for exploration licences in three geographical areas: Torrens (7,652 km²), Whyalla (840 km²) and Moonta (7,769 km²).



The Torrens project is the most advanced and covers a large area between Port Augusta and Andamooka in the north. Andamooka is about 40 km south of Olympic Dam. The 4 EL applications are largely east of the Mt. Gunson copper mining centre.

Only five drillholes have intersected the basement within the project area. One high priority target for geophysical follow up is a discrete gravity anomaly measuring 10 km across. The anomaly coincides with an interpreted concealed magnetite-bearing pluton. Local geology supports a structurally up-faulted block of basement that may be as shallow as 150m from the surface. There is no recorded drilling into the gravity anomaly. Nearby drilling has intersected anomalism consistent with an Olympic Damstyle mineralising event.

The Whyalla project consists of one EL application split into two parts covering the eastern Gawler craton south of the Torrens project. The tenements in the Moonta project cover an extensive area between Port Pirie in the north and southern Yorke Peninsula near Maitland. It consists of 6 EL applications and one EL covering the eastern margin of the Gawler craton.

JIMBERLANA DYKE PGM

The project encompasses approximately 130 km of the 240 km total strike length of the Jimberlana Dyke and is covered by 18 tenements. This Dyke is orientated EW and centred just north of the Norseman townsite.

While a substantial amount of exploration was conducted through the 1960’s and 1970’s in the search for nickel and copper mineralisation, the search for PGM’s was of a cursory nature only. The Dyke exhibits many similarities to Zimbabwe’s Great Dyke, which hosts PGM resources of over 300 million ounces.

AVO has undertaken orientation soil sampling on three lines at the western end of the Dundas Hills part of the Dyke. Palladium assays on one

sample line ranged between 1.2 g/t and 2.0 g/t. AVO considers this result to be very significant.

Areas of transported cover will be tested using partial leach surficial geochemistry or aircore drilling. Regions underlain by salt lake will be tested with track mounted aircore drill rigs. For all other areas, AVO will undertake conventional soil sampling to identify areas for laterite and sulphide PGM’s. Soil anomalies or PGM in regolith anomalies from aircore drilling will be followed up with conventional RC and diamond drilling. Drilling will commence immediately upon tenement grant on the highly anomalous PGM soil targets at the Dundas Hills Prospect.

PROPOSED BUDGET

Use of \$7m raising (Net \$5.8m)			
	Yr 1	Yr 2	Total
	(\$m)	(\$m)	(\$m)
Exploration	2.25	2.32	4.57
Admin.	0.65	0.58	1.23
TOTAL	2.90	2.90	5.80

Year	Eastern Goldfields (\$m)	Stuart Shelf (\$m)	Emerging Projects (\$m)	Total (\$m)
Year 1	1.40	1.25	0.25	2.90
Year 2	1.50	1.15	0.25	2.90
TOTAL	2.90	2.40	0.50	5.80

RISKS

- Exploration, Development, Mining and Processing Risks
- Native Title
- Share market risk
- Risks involved in obtaining future capital
- Environmental
- Commodity Prices
- Economic Factors
- Government policy change risk

Disclosure – Disclaimer

RCAN 0158

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