

# COMENCEMENT OF 2014/15 REGIONAL EXPLORATION PROGRAMME

With the granting of the Antas Mining License clearly endorsing Avanco's development strategy, the Company is pleased to advise that it has begun testing a number of exploration targets west of Pedra Branca, aiming for an additional copper discovery.

## HIGHLIGHTS

- **With Stage 1 long lead items secured, issue of the Mining Lease, and debt financing believed to be within reach, the board has agreed to resume drilling seeking the next discovery (Stage 3)**
- **A drill rig has been mobilised to systematically test five targets identified within the Company's land portfolio**
- **Targets are mostly proximal to the Company's Stage 2 – Pedra Branca project and hosted along the favoured northeast-southwest structural trend cutting perpendicularly across the Carajas district**
- **Targets include:**
  - **East Pedra Branca**
  - **São Pedro**
  - **Água Azul**
  - **Rio Branco**
- **Further priority target(s) expected to be identified**
- **A program of approximately 2,500m will run for the remainder of 2014**
- **Carajas is established mining district and close to infrastructure**
- **The Carajas Mineral Province is among the best-endowed mineral districts in the world**
- **Globally, Carajas hosts the greatest concentrations of large-tonnage IOCG (Iron Oxide Copper Gold) deposits**
- **Avanco has secured the second largest tenure in the region (behind Vale SA) and either owns, or has the Rights to 100% of its projects**

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## COPPER EXPLORATION IN THE WORLD CLASS CARAJAS

Carajas is an established mining district, close to infrastructure, and is among the best-endowed Copper IOCG mineral districts in the world.

Deposit	Tonnage	Grades
Salobo	994 Mt	0.94% Cu, 0.52 g/t Au
Sossego	355 Mt	1.1% Cu, 0.28 g/t Au
Cristalino	+300 Mt	1% Cu, 0.3 g/t Au
Furnas	+250 Mt	1% Cu
Estrela	240 Mt	1% Cu
Paulo Afonso	+200 Mt	1% Cu
Igarape Bahia/Alemao	Au (Gossan) 219 Mt	3.12 MOz Au - Mined Out 1.4% Cu, 0.86 g/t Au
118	170 Mt	1% Cu, 0.3 g/t Au
Boa Esperança	100 Mt	1% Cu
Breves	50 Mt	1.22% Cu, 0.75 g/t Au
<b>Total</b>	<b>+2.83 Bt</b>	

**Carajas is host to the greatest concentration of large IOCG copper deposits<sup>2</sup>**

### REGIONAL EXPLORATION

Whilst the Company's project team is preparing to commence construction of the Antas Copper Mine, the exploration division is keen to return to the field in search of the next copper project. The Board is committed to identifying new opportunities for growth and to the drill-out of Stage 2 Pedra Branca Project. In pursuing the corporate growth strategy, regional exploration has resumed targeting new discoveries by way of a cost effective, 2,500m drill programme. Cognisant of expenditure priorities, the more cost intensive (50x50m grid) Stage 2 infill-drilling will remain on-hold pending drawdown on the Stage 1 debt.

#### East Pedra Branca:

Is located immediately to the east of the Stage 2 Pedra Branca Copper/Gold Deposit, on the eastern extension of the same structural trend, and ~20km to the southeast of the Sossego Copper/Gold Mine.

Geology consists of sheared and hydrothermally altered granites, gneisses, and diorites with abundant pegmatite veins. IOCG<sup>1</sup> hydrothermal alteration of the same kind seen in the Pedra Branca Deposit has also been identified, including the proximal alteration, which is associated with chalcopyrite mineralisation at Pedra Branca.

Past exploration identified anomalous copper in soil geochemistry, since confirmed in follow up soil sampling and mechanical auger drilling by Avanco. These copper

anomalies together with the extension of the same host structure and similar magnetic anomalies now warrant drill testing.

Four diamond drill holes are planned.

São Pedro:

Is located ~28km to the west of Pedra Branca. Geology comprises of sheared granites with two distinct hydrothermal alteration assemblages – regional IOCG style alteration, and proximal alteration associated with chalcopyrite mineralisation similar to that seen Pedra Branca and Sossego.

Three scout diamond holes will test the coincident copper/magnetic anomaly identified.

Água Azul:

Is comprised of a 5km long by 1km wide strongly magnetic target, located 60km west-southwest of the Pedra Branca Copper/Gold Deposit, near the Água Azul do Norte Township, which has good infrastructure and is accessible via paved road PA-278.

Geology is typical of the Sapucaia Greenstone Belt sequence to the south and the Água Azul Granodiorite. Strong east - west shear zones cross the region with related biotite and magnetite hydrothermal alteration, associated in places with fine grained chalcopyrite and pyrite.

Numerous copper in soil anomalies are present along the 5km of strike. Confirmed by mechanical auger drilling by Avanco, and coincident with hydrothermal magnetite (an important feature to most IOCG deposits in the Carajás). Three zones will be tested by scout drilling.

Rio Branco:

Is located 11km northwest of the Pedra Branca Copper/Gold Deposit and 10km south-southwest of the Sossego Copper/Gold Mine, close to the new asphalt road connecting to the giant S11D (Serra Sul) iron ore mine development.

Two scout diamond holes will test this copper in soil anomaly (confirmed by mechanical auger drilling), which is coincident with IOCG style hydrothermal alteration.

## **TARGET GENERATION**

As drilling progresses, additional targets will be identified within Avanco's land package, and/or beyond the current tenure footprint. Additionally, Avanco continues to evaluate new opportunities as they are presented. These new projects include advanced exploration/development packages that management considers to be of a very high quality.

Tony Polglase  
Managing Director

## ABOUT AVANCO

- Avanco (ASX-AVB) is an emerging mid-tier copper company focussed in the mining friendly world class Carajas Mineral Province, Brazil. The Company owns the rights to 100% of the second largest area of mineral tenure in the region (behind Vale SA)
- The Company is potentially well positioned to ultimately operate a number of high grade, low cost copper/gold mines in the region which will establish Avanco as a profitable long life copper company in Brazil
- The Antas Copper Mine (Stage 1) is Avanco's first mine development. It was granted a full Mining License in September 2014 and has JORC Reported Ore Reserves (Proved + Probable) of 2.649 million tonnes at 3.19% copper and 0.66gpt Gold for 84,518 tonnes of contained copper and 56,277 ounces of Gold<sup>3</sup>
- US\$70m of project funding is aligned to the start of Stage 1 construction in 2014, with first production targeted for 2015. Timely implementation of Stage 1 is being pursued to help finance the Company's second copper project
- Pedra Branca, known as Stage 2, is located in the same district as Stage 1. Pedra Branca is the Company's next project and is considerably larger. Infill drilling, aimed at improving Resources classification will facilitate "a decision to mine" in 2015
- The Company has ~1.661m shares on issue and is well supported by: Glencore ~12.2%, Blackrock World Mining Trust ~11.5%, and the Appian Natural Resources ~11.5 %
- Avanco is managed by highly experienced international and Brazilian mining professionals who are predominantly Portuguese speaking
- Whilst near term priorities are focussed on transition to copper producer status the Carajas offers significant opportunities to enhance shareholder value over time

<b>CARAJAS - TOTAL JORC Reported Mineral Resources<sup>4,5,6,7</sup></b>							
<b>DEPOSIT</b>	<b>Category</b>	<b>Million Tonnes</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Copper Metal (T)</b>	<b>Gold Metal (Oz)</b>	
<b>PEDRA BRANCA<sup>8</sup></b>	Inferred	46.82	1.20	0.33	560,000	500,000	
	<b>Total</b>	<b>46.82</b>	<b>1.20</b>	<b>0.33</b>	<b>560,000</b>	<b>500,000</b>	
<b>ANTAS NORTH<sup>9</sup></b>	Measured	2.83	3.01	0.72	85,079	65,578	
	Indicated	1.65	2.20	0.42	36,365	22,058	
	Inferred	1.9	1.59	0.23	30,242	14,122	
	<b>Total</b>	<b>6.38</b>	<b>2.38</b>	<b>0.50</b>	<b>152,000</b>	<b>102,000</b>	
<b>ANTAS SOUTH<sup>10</sup></b>	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	
	<b>Total</b>	<b>10.08</b>	<b>0.83</b>	<b>0.2</b>	<b>85,000</b>	<b>65,000</b>	
<b>TOTAL</b>		<b>63.28</b>	<b>1.26</b>	<b>0.33</b>	<b>797,000</b>	<b>667,000</b>	
<b>ANTAS NORTH – JORC Reported Ore Reserves. August 2014<sup>11,12</sup></b>							
<b>Classification</b>	<b>Type</b>	<b>Economic Cut-Off Cu%</b>	<b>Tonnes (Mt)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Copper Metal (T)</b>	<b>Gold (Oz)</b>
<b>Proved</b>	<b>ROM Ore</b>	<b>0.90</b>	1.385	3.62	0.74	50,137	33,046
<b>Probable</b>	<b>ROM Ore</b>	<b>0.90</b>	1.264	2.72	0.57	34,381	23,231
<b>PROVEN + PROBABLE ROM ORE</b>			<b>2.649</b>	<b>3.19</b>	<b>0.66</b>	<b>84,518</b>	<b>56,277</b>
<b>Proved</b>	<b>Low Grade</b>	<b>0.65</b>	0.342	0.74	0.30	2,531	3,308
<b>Probable</b>	<b>Low Grade</b>	<b>0.65</b>	0.635	0.72	0.23	4,572	4,709
<b>TOTAL PROVEN + PROBABLE</b>			<b>3.63</b>	<b>2.53</b>	<b>0.55</b>	<b>91,621</b>	<b>64,294</b>

#### **Competent Persons Statement**

The information in this report that relates to 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.

1. Iron Oxide Copper Gold (IOCG), typical of the style of mineralisation found in the Carajas Province of Brazil, and well documented in respected geological texts
2. Sourced from publically available documents
3. JORC Reported Proved + Probable Reserves using the LOM 0.9% Cu cut-off grade
4. See ASX Announcement "Stage 1 set to excel on new high grade Copper Resource", 7 May 2014, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas North resource estimate
5. See ASX announcement "Stage II – Pedra Branca Resource Upgrade", 24 June 2013, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pedra Branca resource estimate
6. See ASX announcement "Major Resource Upgrade for Rio Verde", 8 February 2012, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas South resource estimate
7. The Pedra Branca and Antas South JORC compliant resources were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was last reported
8. Grade Tonnage Reported above a Cut-off Grade of 0.4% Cu for Primary Resources only
9. Grade Tonnage Reported above a Cut-off Grade of 0.9% Cu for Primary Resources only
10. Grade Tonnage Reported above a Cut-off Grade of 0.3% Cu for Oxide Resources
11. See ASX Announcement "Maiden Reserves Exceed Expectations for Antas Copper", 17 September 2014, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas North resource estimate
12. The Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.