



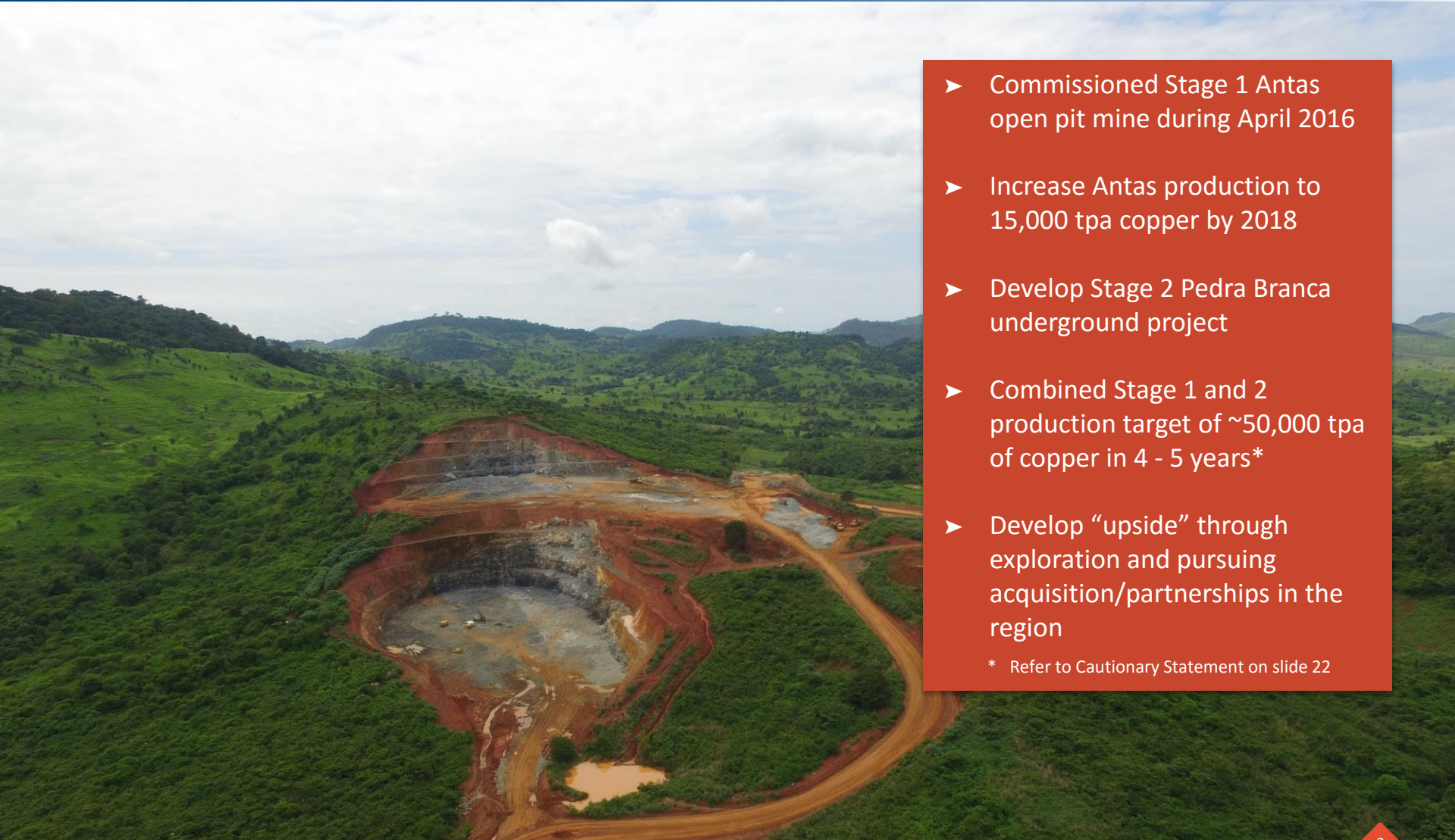
## SIMEXMIN CONFERENCE MINAS GERAIS, BRAZIL

*“From Research to Mineral Reserve in Nine Years, from Development to Production in 9 months”*

PRESENTATION MAY 2016

# AVANCO'S DEVELOPMENT STRATEGY

TARGETING TO BECOME A 50,000tpa COPPER PRODUCER IN STAGES



- ▶ Commissioned Stage 1 Antas open pit mine during April 2016
- ▶ Increase Antas production to 15,000 tpa copper by 2018
- ▶ Develop Stage 2 Pedra Branca underground project
- ▶ Combined Stage 1 and 2 production target of ~50,000 tpa of copper in 4 - 5 years\*
- ▶ Develop “upside” through exploration and pursuing acquisition/partnerships in the region

\* Refer to Cautionary Statement on slide 22

- Avanco is well supported by respected institutional shareholders – currently holding 57% of the issued capital
- Strong balance sheet with US\$20m cash at the end of March 2016 quarter (before receipt of provisional sales)
- Debt and covenant free

Analyst Coverage	Recommendation
Hartleys - Australia	Buy
Numis - UK	Spec Buy

Major Shareholders	~%
Appian Natural Resources Fund	18
Greenstone Resources Fund	17
BlackRock World Mining Fund	14
Glencore Plc	8

ASX Code	AVB
Issued shares	2,457m
Options	152m
52 week range	AU\$0.05 - \$0.09
Market cap at \$0.07	~AU\$172m
Cash (31 March 2016)	~AU\$26.5m
Enterprise value	~AU\$145.5m



# THE BOARD

EXTENSIVE GLOBAL MINING INDUSTRY EXPERIENCE

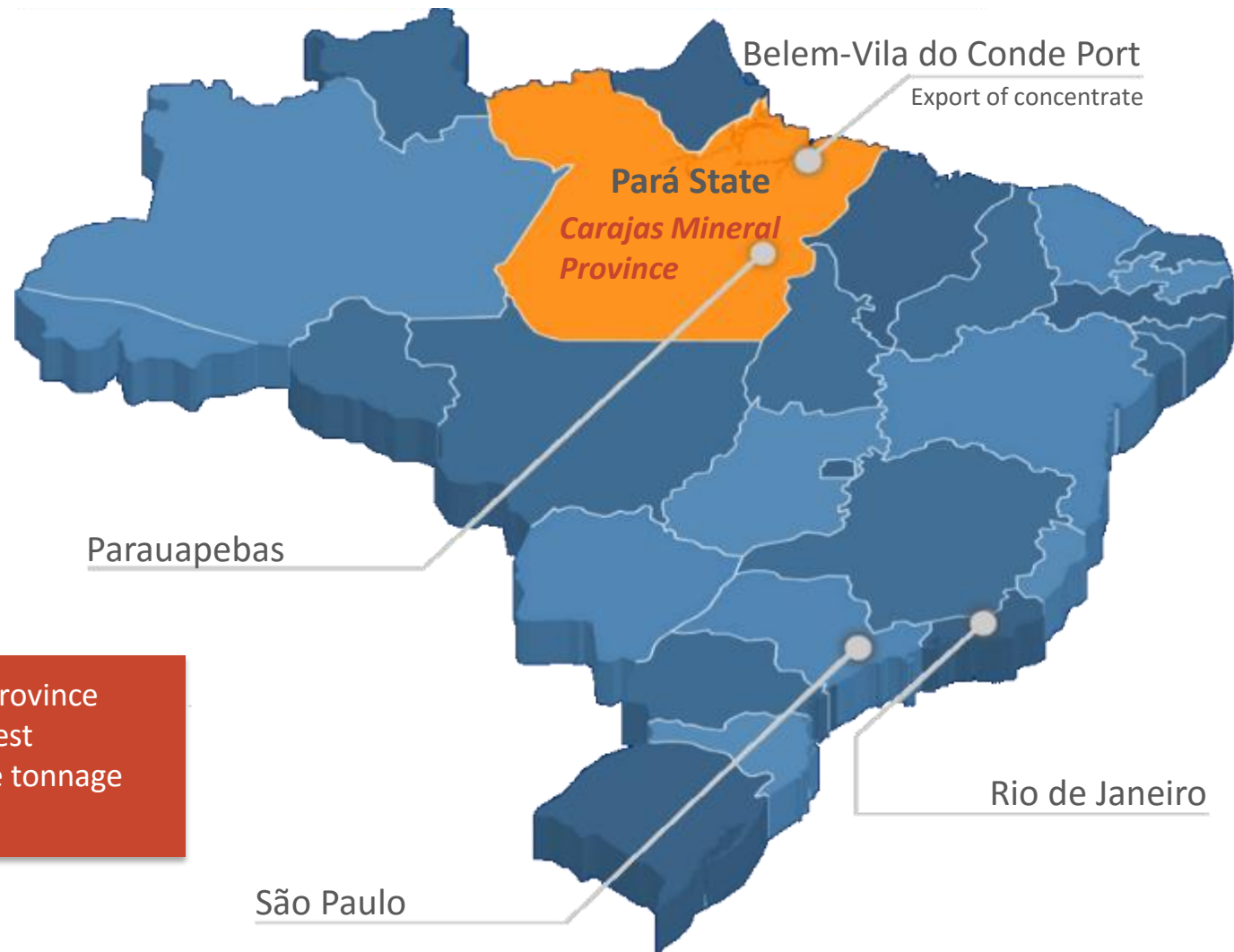


- International and Brazilian mining professionals
- Majority Portuguese speaking and reside in Brazil
- Experience in copper production across all levels / disciplines

BOARD		Discipline	Portuguese Speaking	Resident in Brazil	Brazilian National
Colin Jones	Independent Chairman	Mining Engineer	●	●	
Tony Polglase	Managing Director	Metallurgist	●	●	
Luis Azevedo	Director Legal / Regulatory	Mining Lawyer	●	●	●
Simon Mottram	Director Exploration	Geologist	●	60%	
Wayne Phillips	Director Operations	Chemical Engineer	●	●	●
Scott Funston	Director and CoySec	Chartered Accountant		40%	
Vernon Tidy	Independent Director	Chartered Accountant			

# PROJECT LOCATION

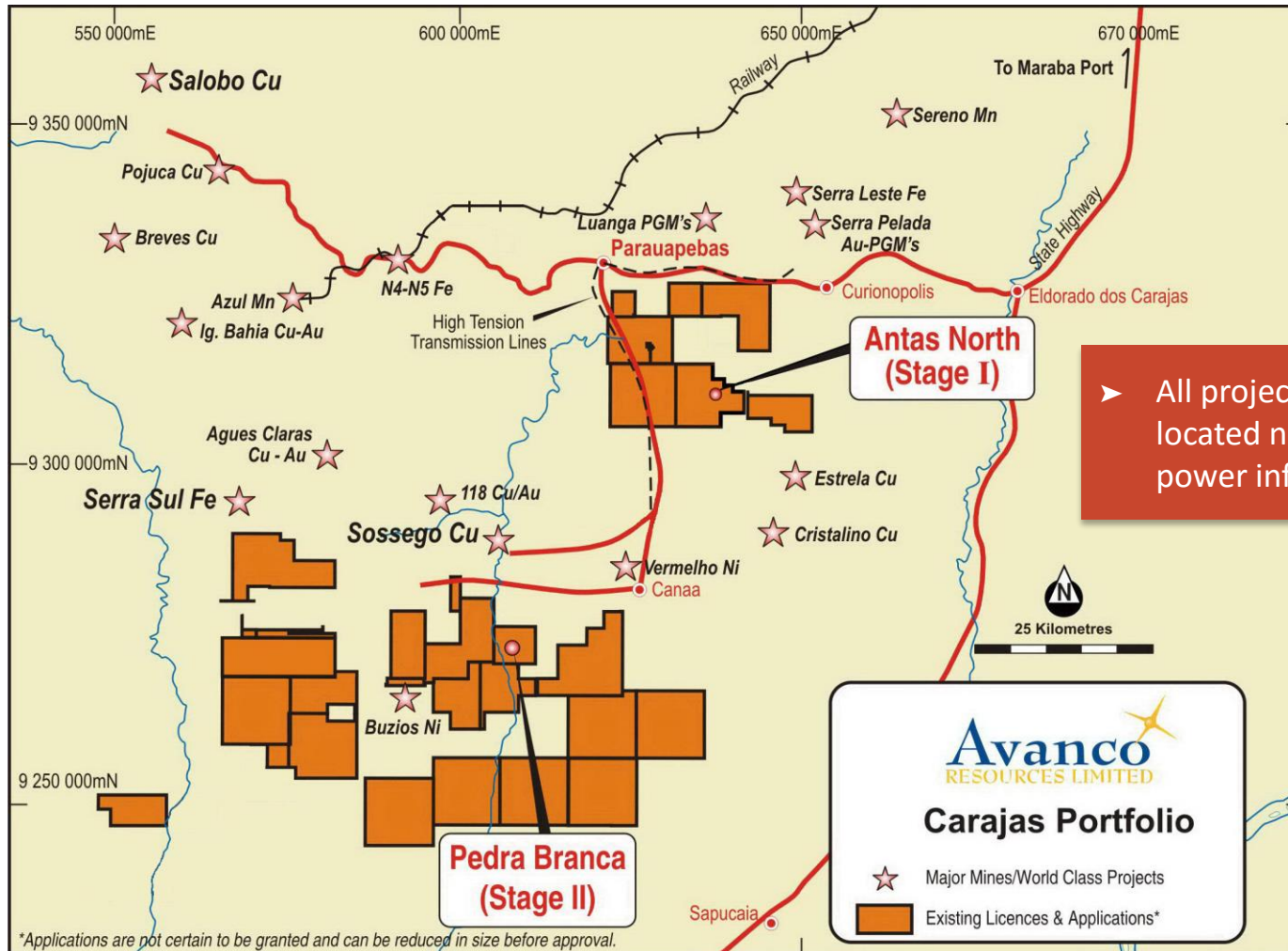
ONE OF THE BEST ENDOWED MINERAL DISTRICTS IN THE WORLD



- ▶ The Carajas Mineral Province hosts the world's largest concentration of large tonnage IOCG deposits

# CARAJAS PROJECT HOLDING

100%-OWNED PORTFOLIO COVERING 1,800 km<sup>2</sup>



➤ All project areas favourably located near established road and power infrastructure



**Avanco**  
RESOURCES LIMITED

**Carajas Portfolio**

- ★ Major Mines/World Class Projects
- Existing Licences & Applications\*

# ANTAS STAGE 1 MINE PHYSICALS

7-YEAR MINE LIFE WITH UPSIDE



- Proved and Probable Ore Reserve: 3.63 million tonnes at 2.53% copper and 0.55g/t gold\*
- 800,000tpa plant capacity not fully utilised – provides redundancy and opportunities to increase production
- During production, ore will be stockpiled as a contingency against interruptions due to weather
- Significant additional Mineral Resources are situated at depth and nearby at Antas South.\* The economics of exploiting these are being investigated

Parameter	
<b>Mining</b>	Conventional open pit: drill and blast, load and haul
<b>Mine Plan</b>	~500,000tpa ROM ore, 7.1 LOM waste:ore ratio
<b>Mine Grade</b>	Year 1 – 3: ~2.1% Cu, LOM (7 years): 2.4% Cu
<b>Plant Design</b>	800,000tpa, crush, grind, float and filter
<b>Recoveries</b>	94 - 97% for Cu, ~ 90% for Au into a 28% concentrate at 8% moisture

\* Refer Mineral Resources & Ore Reserves on slide 21



# ANTAS NOW IN PRODUCTION

12,000tpa OF COPPER IN CONCENTRATE + 7,000oz GOLD CREDITS



- ▶ Provisional payments already received for 3,000t of concentrate
- ▶ First of two offtake contracts signed on very competitive terms for clean concentrate
- ▶ Expansion to 18,000tpa applied for





# ANTAS EXECUTION STRATEGY

LEVERAGE FROM THE MINING DOWNTURN - ACCESS TO SKILLED BRAZILIANS AND QUALITY CONTRACTORS

- ▶ Avanco in Brazil for nine years working closely with boutique resources legal firm FFA who have full knowledge of mining regulations
- ▶ Plant engineering by ONYX - use of second-hand equipment eliminated trade off studies, accelerated design and reduced cost
- ▶ Critical timeframe to complete build programme within nine months dry season
- ▶ No EPCM contractor - expense and expertise key considerations
- ▶ Highly skilled professionals provided by SENIC and integrated into Avanco's owners team
- ▶ Owners team responsible for all construction procurement and supervision (control and costs)
- ▶ Brazilian plant construction contractors used
- ▶ MACA engaged for open pit mining. Supplied new mining fleet and essential hard rock drill and blast skills
- ▶ Directors resident on site facilitating quick decisions to minimise delay

# RESULTS OF STRATEGY

9-MONTH BUILD SUCCESSFULLY COMPLETED ON TIME, SAFELY AND WITHIN BUDGET

- ▶ Construction commenced May 2015
- ▶ Commissioning commenced February 2016
- ▶ No lost time accidents since construction commenced
- ▶ Construction completed on time and within budget





# PRODUCTION RAMP-UP PROGRESS

DIRECTORS AND MANAGEMENT INVOLVED AT EVERY LEVEL



- ▶ Mine physicals, grade and copper recoveries achieving ramp-up expectations
- ▶ Mining vs Resource model reconciling positively
- ▶ Containerised concentrate transport logistics running smoothly
- ▶ Benefits of significant contingency build into plant design very evident
- ▶ ~4,000t of concentrate produced to date
- ▶ On target to achieve start of commercial production during Q2 2016
- ▶ Emphasis now on cost reduction



- The high copper grade + gold credits provides for a financially robust project
- Antas is forecast to be a low cost copper producer
- C1 costs anticipated to fall within the 1st Quartile
- Expectations from current economic modelling\* include:

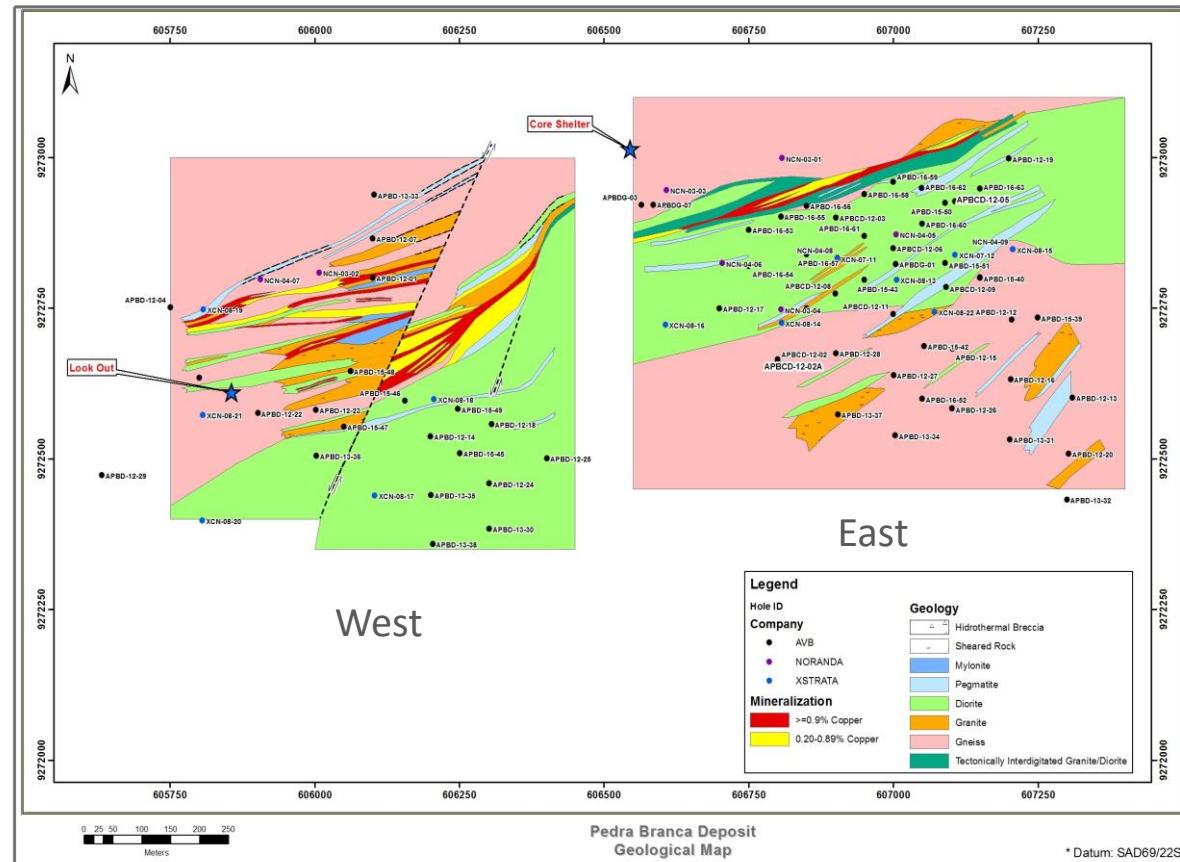
Parameter	
Mine gate cost	US\$0.48/lb Cu
C1	US\$0.93/lb Cu
C3	US\$1.46/lb Cu
AISCC	US\$1.61/lb Cu
LOM EBITDA	US\$330 million

\* Results are based on copper prices of US\$2/lb for 2016, US\$2.5/lb for 2017, US\$3.20 for 2018 onwards, gold US\$1,100oz, FX USD:BRL 4.0 LOM, NIL discount rate

# PEDRA BRANCA - STAGE 2

## SIGNIFICANTLY LARGER, HIGH GRADE RESOURCE

- Inferred and Indicated Mineral Resource: 18.58 million tonnes 2.45% copper and 0.61g/t gold\*
- Comprises “East” and “West” zones
- East: higher grade, wider and well understood. West: more complex, requires further drilling
- Significant upside along strike and at depth on both East and West
- Infill drilling in East completed with Resource upgrade pending

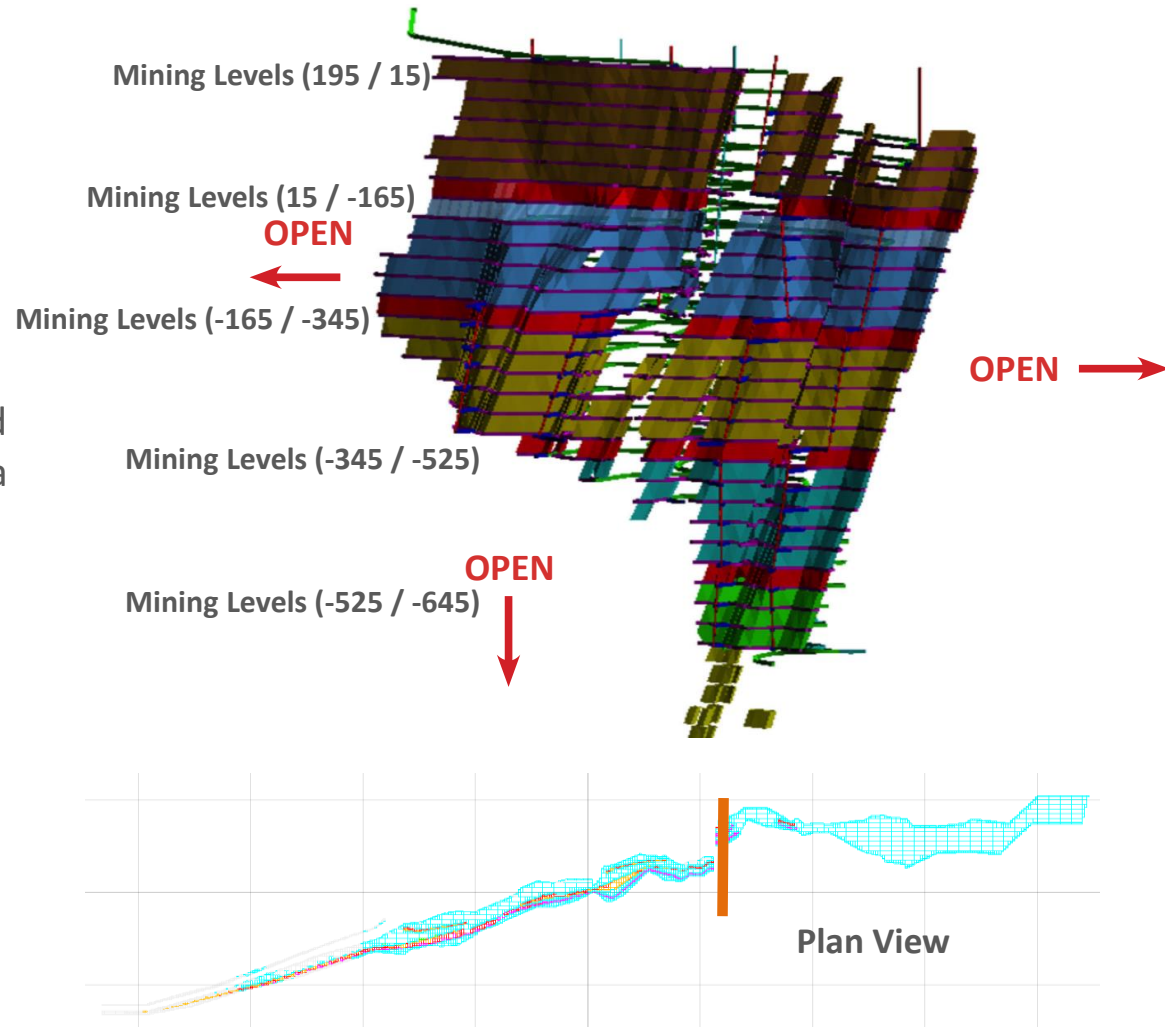


\* Refer Mineral Resources & Ore Reserves on slide 21

# PEDRA BRANCA - STAGE 2

INITIAL, LOW-CAPEX PRODUCTION FROM EAST ZONE

- ▶ Steep dip / competent wall rocks suitable for large tonnage, cost efficient stoping
- ▶ East averages ~15m in width. Ideal for high grade “starter mine” that can be expanded into a larger scale underground operation targeting ~35,000tpa copper + gold credits
- ▶ Evaluation Study in progress targeting early, low capex development of East as first step towards full scale production as market conditions improve





# PEDRA BRANCA - STAGE 2

INITIAL, LOW-CAPEX PRODUCTION FROM EAST ZONE



- ▶ Good infrastructure and access to Antas plant for processing
- ▶ Metallurgical testwork shows Pedra Branca to be similar to Antas
- ▶ Mining will focus on accessing the hangingwall, the most prominent and continuous high grade zone in East
- ▶ Mine development (portal, ramp etc) will be the same as required for full scale operation
- ▶ Surface rights acquired. Planning for proposed decline ramp well advanced

# EXPLORATION

LARGE FOOTPRINT IN WORLD CLASS PROVINCE



- ▶ Carajas Mineral Province has the highest concentration of large tonnage IOCG deposits in the world
- ▶ Avanco has secured 1,800km<sup>2</sup> of exploration ground\* – second only to Vale
- ▶ High probability of further exploration success for copper, gold, nickel and PGE's from ongoing regional program over several targets
- ▶ Actively pursuing new acquisitions or partnerships with neighbouring majors

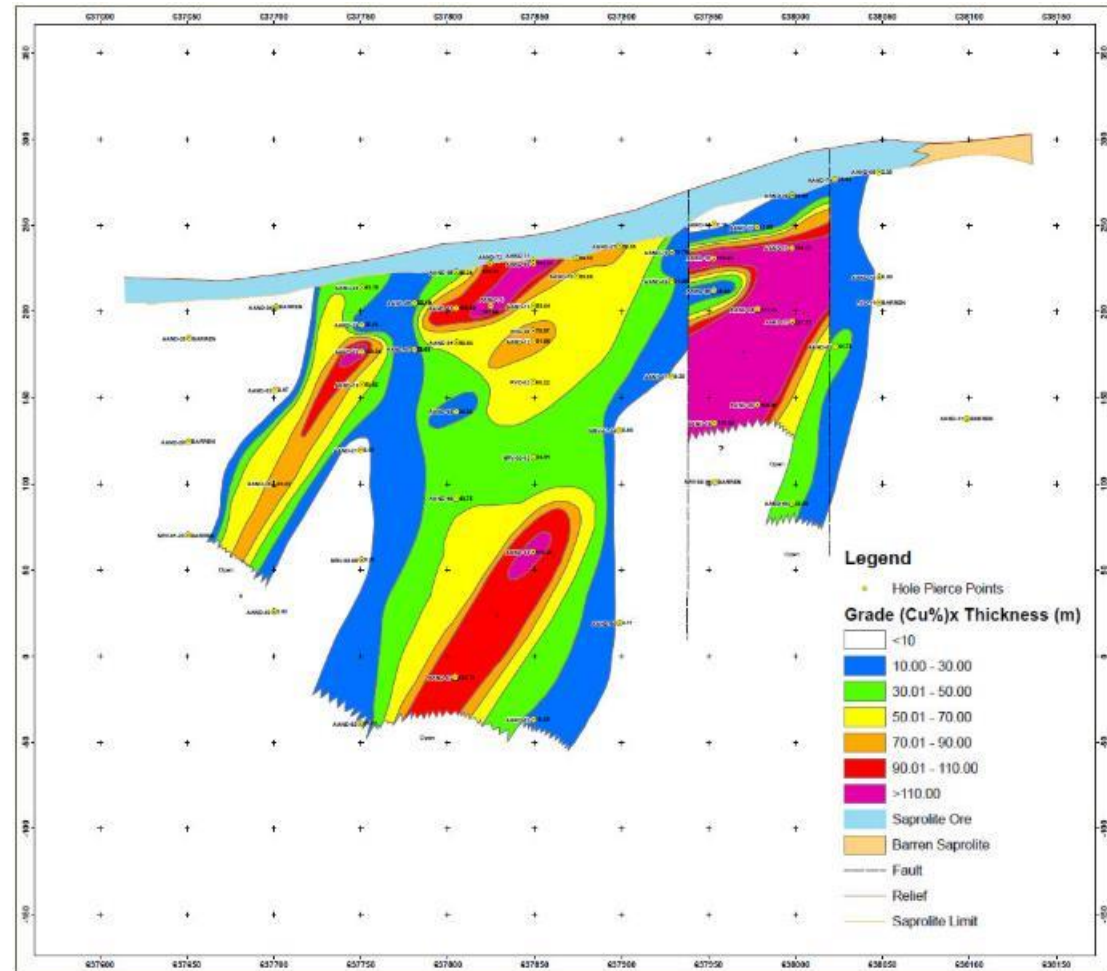
\* Tenure in various stages of approval or under application



# ANTAS – NEAR MINE TARGETS

DEPTH POTENTIAL CONSTRAINED BY DRILLING

- Significant copper mineralisation extending from base of planned open pit intersected in wide spaced drilling
  - 79.75m at 1.42% Cu and 0.20g/t Au from 223m
  - 19.85m at 1.84% Cu and 0.41g/t Au from 306m
  - 35.75m at 1.88% Cu and 0.42g/t Au from 337m
  - 6.10m at 6.37% Cu and 0.33g/t Au from 223.70m
- High grade, south-west plunging shoots targeted for future underground development

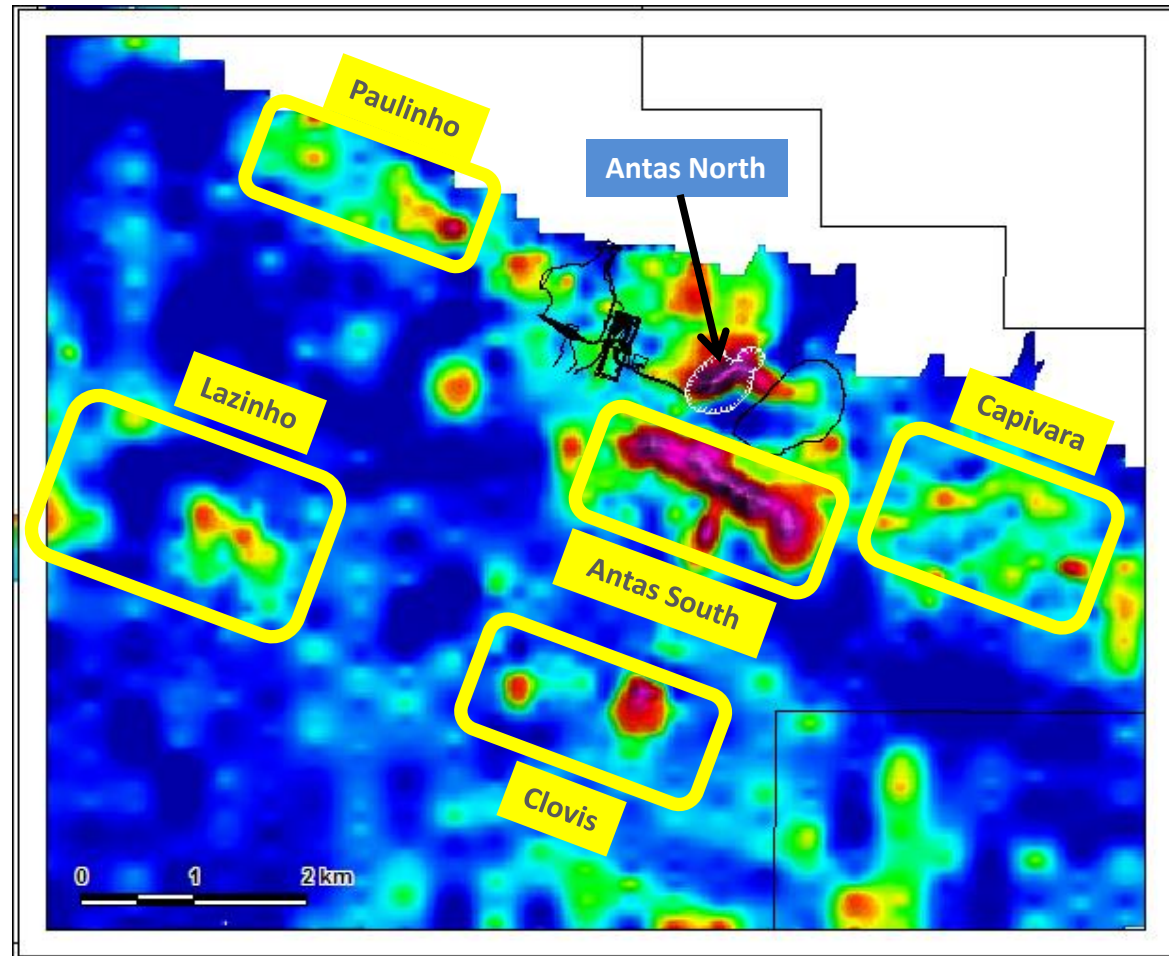




# ANTAS – NEAR MINE TARGETS

## MULTIPLE EARLY STAGE COPPER SULPHIDE TARGETS

- ▶ Copper sulphides intersected below large copper oxide resource at Antas South\* including 8.5m at 2.63% Cu and 31m at 1.4% Cu
- ▶ Other copper sulphide intersections from limited drilling include:
  - ▶ Lazineho - 26m at 0.71% Cu
  - ▶ Paulinho - 126m at 0.21% Cu
  - ▶ Clovis - 17m at 2.2% Cu
- ▶ Numerous magnetic anomalies remain untested

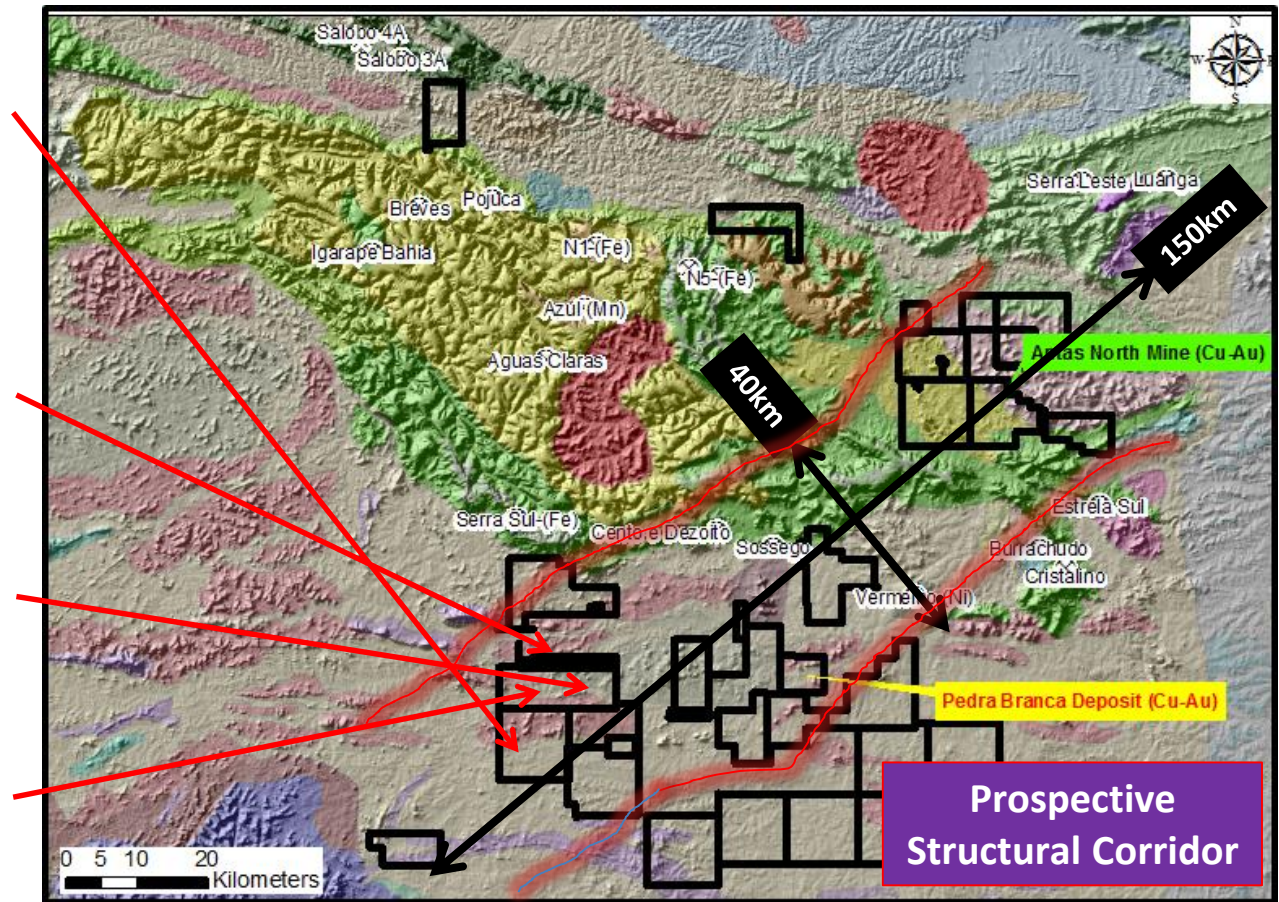


\* Refer Mineral Resources & Ore Reserves on slide 21

# REGIONAL TARGETS

STRATEGICALLY LOCATED PROXIMAL TO MAJOR MINING OPERATIONS

- ▶ São Pedro Licence:
  - ▶ Medalha and Vanderlan IOCG targets
  - ▶ Macacos Ni targets
- ▶ Nova Esperança IOCG target 9km of strike
  - ▶ 17.1m at 1.02% Cu from 150m
- ▶ São Jorge IOCG target
  - ▶ 17.4m at 1.21% Cu from 158m
- ▶ União IOCG target
  - ▶ 0.4m at 3.25% Cu from 117m



- ▶ Avanco is an aspiring mid-tier mining company
- ▶ Avanco is now the second copper producer in the Carajas behind Vale
- ▶ The high grade / low cost Antas open pit operation is financially robust in a low copper price environment
- ▶ Avanco has signed the first of two offtake agreements for the sought after clean Antas concentrate on very attractive terms
- ▶ Planning underway to develop the significantly larger Pedra Branca underground project and establish Avanco as a profitable, long life mining company producing ~50,000tpa copper
- ▶ Well supported by respected institutional shareholders
- ▶ Actively pursuing new opportunities to enhance shareholder value



# MINERAL RESOURCES AND ORE RESERVES

## CARAJAS - TOTAL JORC Reported Mineral Resources<sup>1,2,3,4</sup>

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PB East <sup>5</sup>	Indicated	7.96	2.81	0.63	224,000	160,000
	Inferred	3.43	2.70	0.61	92,000	67,000
	Total	11.39	2.78	0.62	316,000	227,000
PB West <sup>5</sup>	Indicated	4.46	2.04	0.61	91,000	87,000
	Inferred	2.74	1.72	0.56	47,000	49,000
	Total	7.19	1.92	0.59	138,000	136,000
PEDRA BRANCA	<b>Total</b>	<b>18.58</b>	<b>2.45</b>	<b>0.61</b>	<b>454,000</b>	<b>363,000</b>
ANTAS NORTH <sup>5</sup>	Measured	2.83	3.01	0.72	85,000	66,000
	Indicated	1.65	2.20	0.42	36,000	22,000
	Inferred	1.9	1.59	0.23	30,000	14,000
	Total	6.38	2.38	0.50	152,000	102,000
ANTAS SOUTH <sup>6</sup>	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
<b>TOTAL</b>		<b>35.04</b>	<b>1.97</b>	<b>0.47</b>	<b>691,000</b>	<b>530,000</b>

## ANTAS NORTH – JORC Reported Ore Reserves<sup>7,8</sup>

CLASSIFICATION	Type	Economic Cut-Off Cu%	Tonnes (Mt)	Copper (%)	Gold (g/t)	Copper Metal (T)	Gold (Oz)
PROVED	ROM Ore	0.90	1.385	3.62	0.74	50,137	33,046
PROBABLE	ROM Ore	0.90	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>
PROVED	Low Grade	0.65	0.342	0.74	0.30	2,531	3,308
PROBABLE	Low Grade	0.65	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>

## JORC COMPLIANCE NOTES

1. See ASX Announcement “Pedra Branca Resource Upgrade Delivers Substantial Increase in Both Contained Copper and Confidence”, 13 July 2015, for Competent Person’s Consent, material assumptions, and technical parameters underpinning the Pedra Branca resource estimates.
2. 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.
3. 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.
4. The Antas South JORC compliant resource was prepared and first disclosed under the JORC Code 2004. It has 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.
5. Grade Tonnage Reported above a Cut-off Grade of 0.9% Copper.
6. Grade Tonnage Reported above a Cut-off Grade of 0.3% Cu for Oxide Resources.
7. 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 JORC (2012) Reported Reserve estimate.
8. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
9. The information in this presentation 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.

## CAUTIONARY AND FORWARD LOOKING STATEMENTS

- The announcement may contain certain forward-looking statements. Words ‘anticipate’, ‘believe’, ‘expect’, ‘forecast’, ‘estimate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘target’, ‘plan’, ‘potential’ and other similar expressions are intended to identify forward-looking statements. Indication of, and guidance on, future costings, earnings and financial position and performance are also forward-looking statements.
- Such forward looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Avanco Resources Ltd, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements.
- Actual results, performance, or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based.
- You should not place any undue reliance on forward-looking statements and neither Avanco nor its directors, officers, employees, servants or agents assume any responsibility to update such information.
- The stated Production Target is based on the Company’s current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.
- All project costs are in US\$



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