

\$23M PLACEMENT TO STRATEGIC INVESTORS

The Company is very pleased to announce the completion of a \$23 Million placement to strategic investors. The placement was undertaken at \$0.075, representing a 10.3% premium to Avanco's last closing share price of \$0.068. This is an exceptional result and places the Company in a robust position as it advances towards initial production.

The placement was lead managed by Bell Potter Securities Limited and placed with two specialist London based funds, including the Appian Natural Resources Fund (Appian). The Company welcomes Appian as a substantial shareholder.

The Antas Copper Mine¹ (Stage 1) is Avanco's first mine development project in the World's Class Carajas Mineral Province of Brazil. The Company's second and considerably larger copper project, Pedra Branca (Stage 2) is located in the same Province. Avanco owns the rights to 100% of both projects and retains ownership of all off take. Timely implementation of the high grade, low cost Stage 1 project is being pursued with the aim of financing Stage 2 from early Stage 1 cash flows².

THE ANTAS COPPER MINE (Stage 1)

Avanco is currently fast tracking the Stage 1 development. A final resource upgrade (below) at Stage 1 was recently completed with results underscoring the high grade nature of the deposit and boding well for the pending Resources to Reserves conversion.

Stage 1 JORC Reported MEASURED Resources stand at:-

2.48 million tonnes at 3.26% copper and 0.71gpt Gold³

In comparing this exercise with the Stage 1 Economic Study⁴ carried out in 2013 both tonnes and grade in this new Mineral Resource exceed the parameters used in that Study – this augurs well for delineation of the Ore Reserves currently being estimated as part of the current Stage 1 Study. Under JORC confidence classifications, two thirds of the total resources are now available for potential conversion to Proven and/or Probable Reserves.

ANTAS NORTH – SULPHIDE JORC Reported Mineral Resource. April 2014 ³							
Classification	Type	Economic Cut-Off Cu%	Tonnes (Mt)	Copper (%)	Gold (g/t)	Copper Metal (T)	Gold (Oz)
Measured	PRIMARY	0.90	2.48	3.26	0.71	80,724	56,751
Indicated	PRIMARY	0.90	1.62	2.22	0.42	36,002	21,884
MEASURED + INDICATED			4.10	2.85	0.60	117,000	79,000
Inferred	PRIMARY	0.90	1.90	1.59	0.23	30,184	14,085
TOTAL			6.00	2.45	0.48	147,000	93,000

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ASX Symbol: AVB

In parallel with geological activities significant progress has been made on engineering and implementation. Expenditures amounting to approximately \$5m have been committed to purchase of major plant equipment.

Major Equipment's Procurement Status - Local & International				
Area	Scope Defined	Supplier Selected	Price Agreed	Initial Payment made
Crushing	Yes	Yes	Yes	Expected Q2
Grinding	Yes	Yes	Yes	Yes
Flotation	Yes	Yes	Yes	Yes
Regrind	Yes	Yes	Yes	Yes
Buildings	Yes	Yes	Yes	Yes
Filter	Yes	Yes	Yes	Yes

PROJECT FINANCE

The capital requirements for construction and working capital are estimated to remain within budget (US\$70m). The Company is finalising a US\$58m senior debt facility with a Brazilian bank and a US\$12m production royalty sales transaction. These arrangements are progressing as planned.

PLACEMENT DETAILS

The Company will issue 306,666,668 fully paid ordinary shares at an issue price of \$0.075 per share. Settlement of the Placement is expected to occur on Monday 2 June 2014 with the new shares are expected to be allocated and commence trading on the ASX on Tuesday 3 June 2014. The new shares will rank equally in all respects with the existing fully paid ordinary shares.

Item	Proceeds from the placement	(\$)
1.	Exploration drilling (Stage 2 & 3)	4,500,000
2.	Key fixed asset and infrastructure purchases (Stage 1 & 2)	5,800,000
3.	Engineering and related studies (Stage 1)	1,800,000
5.	Permitting (mining license and legal fees) (Stage 1 & 2)	2,000,000
6.	Bank finance costs (refundable 6 months debt service reserve, legal costs, upfront fees) (Stage 1)	8,100,000
7.	Other legal fees (Stage 1 & 2)	500,000
8.	Working capital	2,100,000
	Total	23,000,000

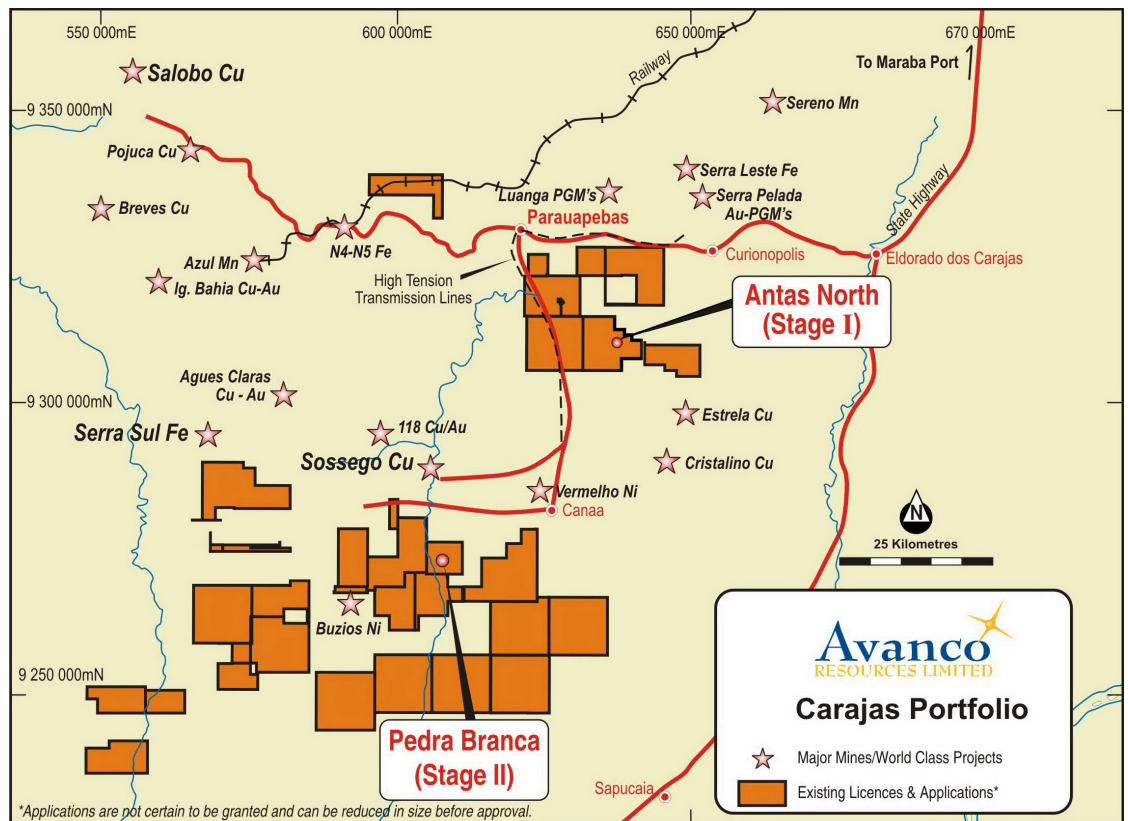
CORPORATE

The Board and Avanco's major shareholders are comfortable that the Company is well positioned and fully funded for:-

1. Design, construction and commissioning of Stage 1
2. Reaching a "decision to mine" at the considerably larger Pedra Branca Stage 2
3. Exposure to potential for new regional discoveries (Stage 3).
4. Potential to reduce risks associated to mine debt exposure

Avanco is an emerging mid-tier copper producer targeting initial production from its first mine in early 2015.

Tony Polglase
Managing Director



CARAJAS - TOTAL JORC Reported Mineral Resources^{5,6,7}						
DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PEDRA BRANCA⁸	Inferred	46.82	1.20	0.33	560,000	500,000
	Total	46.82	1.20	0.33	560,000	500,000
ANTAS NORTH⁹	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
	Total	6.38	2.38	0.50	152,000	102,000
ANTAS SOUTH¹⁰	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		63.28	1.26	0.33	797,000	667,000

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.

1. The deposit 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. Assumed on the basis that cash flows from Stage I will be sufficient to support a bridging loan to finance Stage 2 into production.
3. See ASX announcement "New High Grade Copper Resource", 7 May 2014. Includes Competent Person's Consent, material assumptions, and technical parameters underpinning the resource estimates.
4. See ASX announcement "Stage 1 Assessment support Fast Track Development", 4 March 2013
5. The JORC compliant resource information was prepared and updated under the JORC Code 2012, for Antas North, on 7 May 2014. It has not been updated since on the basis that the information has not materially changed since it was last reported.
6. See ASX announcement "Stage II – Pedra Branca Resource Upgrade", 24 June 2013, for Competent Person's Consent, material assumptions, and technical parameters underpinning the resource estimates.
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