

STAGE 1 - BALL MILL NEXT STOP, CARAJAS

The Company is pleased to provide an update on supply of mine equipment, including the Ball Mill and Flotation Cells which are on route to Brazil.

30mm thick rolled steel Mill
Shell weighing ~30t

US\$1,250,000 purchase price
has been paid in full



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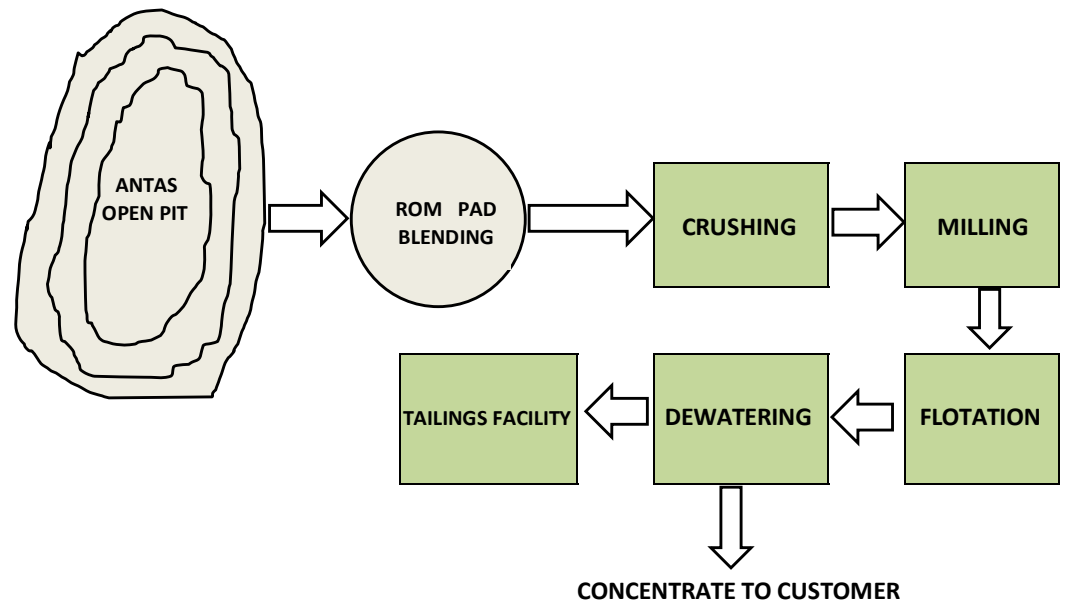
Rigged, wedged & strapped, the cylindrical Ball Mill Shell turns out of a Missouri yard, heading east to Huston, then ocean freight to Port Ville de Conde, Para State, Brazil

HIGHLIGHTS

- On grant of the Mining License Avanco engineers mobilised to the USA for loading of the project Ball Mill and Flotation cells. This equipment is being supplied as a complete milling and flotation circuit including cyclones and slurry pumps
- The Dia 12'x24' long Ball Mill is in "as new condition" and comes with gearbox, electric motor and clutch. Its grinding capacity is significantly above 400,000tpa ROM and offers opportunity to increment throughput/revisit mine planning schedules
- The Flotation cells are also being mustered in Houston and will accompany the Ball Mill to South America
- The Company has been notified by Metso that the first consignment of components of the dewatering Filter, are also ready for dispatch to site
- The crushing circuit will be first to be set-up on site and commissioned. Local manufacture of this equipment is progressing well in Brazil
- Avanco continues to use its strong cash position to advance Antas in parallel with supporting site visits and due-diligence by prospective syndicating banks

ANTAS COPPER PROJECT (STAGE 1)

A simplified ROM material flowsheet is illustrated below. Crushing and grinding followed by flotation is the selected beneficiation process for Antas. Construction of the individual unit operations require supply of key equipment, some of which as have lengthy delivery times and are referred to as “Long Lead” items.



For implementation of the Antas Copper Mine, Long Lead time equipment includes:-

- Simplex Jaw Crusher - (new Brazil supply)
- Simplex Secondary Cone Crusher/screen (new Brazil supply)
- Metso Ball Mill - (supplied from USA)
- OK38 Rougher cells x 2 - (supplied from USA)
- OK 38 Rougher Scavenger cells x 2 - (supplied from USA)
- Denver 21 Cleaner - (supplied from USA)
- Metso Filter - (new ex Europe)

Timely delivery of the above represent critical project milestones. The Company’s philosophy is that the “Construction Owners Team” will actively participate in all critical activities. Loading and transportation of the Ball Mill/flotation cells is an important operation and warranted dispatch of a very capable experienced Avanco engineer (to the United States) to oversee loading.

CRUSHING PLANT

ROM (Run of Mine) ore from the open pit will be stockpiled on the ROM Pad some 500m from the pit. Due to the high grade nature of mineralisation, blending will be undertaken before feeding the ore to the crushing plant. This new facility comprises a primary jaw and secondary cone crusher. The 25 tonne, 1000mm x 800mm jaw crusher comes trailer mounted, for ease of start-up and commissioning. The 1200mm diameter by 18 tonne cone crusher is closed-up with a double deck screen and is all rated to produce to 260 tonnes per hour of ~19mm crushed product. The crushed ore will be stockpiled before being fed to the Ball Mill grinding circuit.

The crushing equipment is being manufactured in Belo Horizonte Brazil and is expected to be available as early as mid November.



AVANCO'S SECONDARY CONE CRUSHER

GRINDING CIRCUIT – PRIMARY BALL MILLING

The Metso Ball Mill is being mustered in Houston Texas awaiting shipping to Brazil next month. It is configured as a traditional overflow type mill and comes with a 4000 volt 60Hz motor, and an air clutch system for assisted starting.

Equipped with a 1350Kw drive, the grinding capacity of the ball mill when treating Antas ore (Av BWI 16KW/t) is significantly oversized, offering the potential to increase throughput, co-treat lower grade ores, and/or play catch-up.

The 19mm crushed ore will be fed into the ball mill and ground with water to produce a slurry with 80% of the particles ground to a size smaller than 150µm. The mill discharge will be pumped to the flotation process using slurry pumps.



**BALL MILL ON
ROUTE TO
CARAJAS**



MILL TRUNION COVER



MILLING CIRCUIT SUPPLY COMPLETE WITH PUMPS



MILL HEAD END

FLOTATION BENEFICATION PLANT

The Antas ore is mineralogically simple with copper present in the form of chalcopyrite (CuFeS_2). This has been demonstrated to respond very well to the application of traditional flotation concentration. The flotation process internal sub-circuits comprise Rougher-Scavenger & Cleaner flotation components. The former is made up of four OK38 cells, while the Cleaning will be done by eighteen Denver 21's cells. These units have all been thoroughly refurbished and are awaiting shipment along with the Ball Mill.



**OK 38 TROUGH TYPE FLOTATION CELLS FOR
ROUGHER-SCAVENGER DUTY**



**OK 38 FLOAT CELL
STATOR**

The float circuit has been very generously sized, and configured to replicate the neighbouring and very successful Sossego Copper plant design. Between the conservative sizing, high-grade ore and simple metallurgy, management anticipate that high copper recoveries will be achieved.

The function of flotation is to separate the slurry discharged from the ball mill into two streams. One stream representing only 10% by weight of the flotation feed but recovering/containing around 97% of the copper and 90% gold (into an enriched slurry assaying around 28% Cu, this stream is referred to as the “final concentrate”). The remaining 90% of the slurry reports to the second stream, and being devoid of copper - this “final tailings” product is directed to the tailings management facility.

The flotation process design flow sheet uses a traditional rougher-scavenger and two cleaning stages. It can operate with cleaners in open or closed circuit.

The flotation plant has been design for inclusion of a regrind ball mill to facilitate upgrading of the final concentrate. It is not yet confirmed if this regrinding stage is essential. Flotation circuit design will comfortably accommodate ores with copper grades up to 10% Copper.

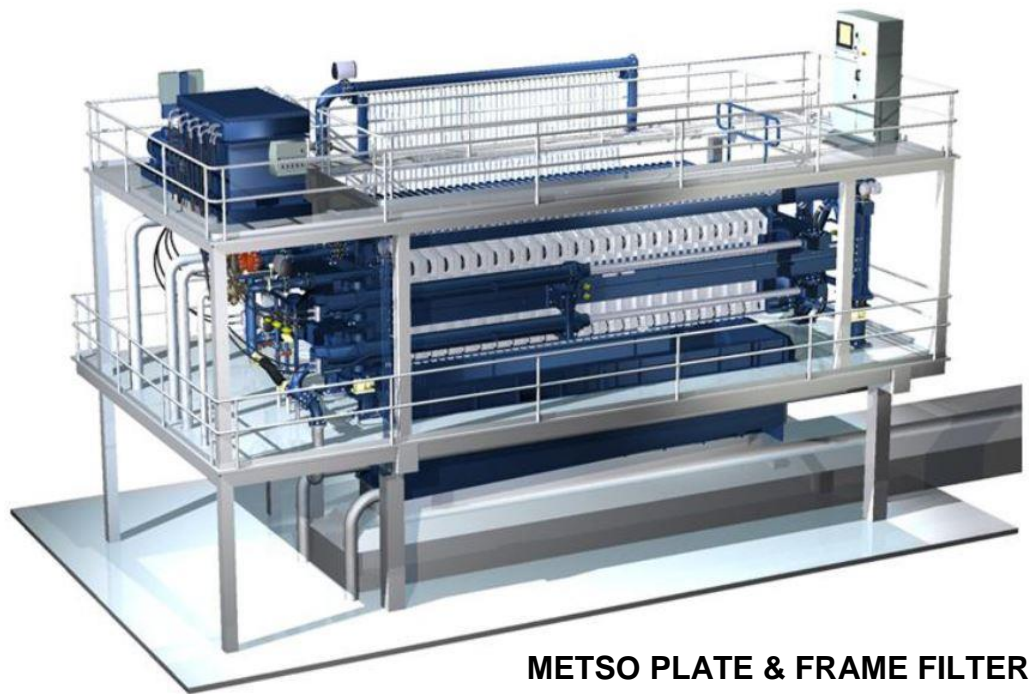


PART OF THE DENVER 21's – CLEANER CIRCUIT CELLS

DEWATERING FILTER

The final concentrate slurry produced by flotation cannot be sent to customers without prior removal of excess water. International shipping standards set “Transportable shipping Limits” (TML) on moisture content for copper concentrates – typically this is around 8%.

At Antas a brand new Metso plate and frame filter press, supplied from Europe, will carry out the required dewatering operation. The Metso filter is arguably the best/most reliable of its kind and its \$2.3 million price tag reflects its premium status. The unit is conservatively sized and comes fully automated. The Sossego Mine has two of these same units, which have been working successfully for many years and provides management with confidence in the Metso selection. The Company has been advised that the first consignment of components is ready for dispatch with the balance of items expected to arrive in Brazil during December.



METSO PLATE & FRAME FILTER

SUMMARY

Following issue of the Mining License the Company is moving increasingly aggressively towards construction. Purchase and logistics associated with the long lead items is progressing well.

The Milling and Flotation equipment are being prepared for cargo readiness in Houston USA. The shipping consignment comprises six 40 foot containers and 13 “break-bulk” (oversized) pieces. Sailing is scheduled for mid October, this will have the items docked, unloaded and on route to Carajas before the end of November.

Budget costs for the crushing, milling, flotation and filtration machinery “delivered to site” is approximately US\$7 million including freight and duties (~US\$5m spent to date).

The Company continues to use its strong cash position to advance Antas in parallel with supporting site visits and due-diligence by prospective syndicating banks.

Tony Polglase
Managing Director

ABOUT AVANCO

- Avanco (ASX-AVB) is an emerging mid-tier copper company situated 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)
- Ultimately the Company is well positioned to operate a number of high grade, low cost copper / gold mines in the region which will establish Avanco as a profitable long life copper producer
- The Antas Copper Mine (Stage 1) is Avanco's first mine development. It was granted a full Mining License in September 2014
- 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 Fund ~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 continue growth and enhance shareholder value over time