

Avanco Resources (ASX: AVB)

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## ACQUISITION OF HIGHLY PROSPECTIVE COPPER TENEMENT ALONG STRIKE FROM PEDRA BRANCA

Avanco Resources Limited (“the Company”) is pleased to announce that it has executed an agreement with Codelco do Brasil Mineração (“Codelco”) to acquire the Canaã West Project. The area is believed to be very prospective for a new standalone discovery or a satellite deposit within trucking distance to Pedra Branca.

### HIGHLIGHTS

- Purchase of 100% of the rights to a highly prospective exploration licence directly along strike and adjoining the Company’s Pedra Branca Project
- The area hosts a highly attractive IOCG<sup>1</sup> copper-gold target with geological and alteration characteristics similar to Pedra Branca
- Previous work has confirmed a significant copper in soil anomaly coincident with a large “bullseye” magnetic target, hosted within the Pedra Branca shear zone
- Codelco completed a limited scout drill programme intersecting copper sulphide mineralisation in 3 of 4 holes, underscoring the prospectively of the tenement
- Acquisition is sensibly structured with a low entry cost with results driven payments
- Canaã West is an exciting addition to Avanco’s exploration portfolio and is a key target for deployment of the Company’s ground EM (electromagnetic) survey equipment
- Good infrastructure is a feature of the area, and being favourably close to Pedra Branca any discovery has the potential to benefit from shared economics
- This transaction comes as a result of direct leverage from the Company’s transformation to producer status and ongoing success and commitment to the Carajas region

## KEY TERMS OF TRANSACTION

The consideration for acquisition of a 100% interest in the Canaã West licences (“Project”) is summarised as follows:

- a) US\$20,000 upon execution of a binding sale and purchase agreement for the Project;
- b) US\$100,000 on the later of:
  - i. approval by the National Department of Mineral Production (“DNPM”) of the transference of the Project’s mineral rights to Vale Dourado Mineração Ltda, free and clear from any and all charges, encumbrances, mortgages, liens or other adverse interest; or
  - ii. within twelve months following execution of the binding agreement;
- c) US\$250,000 when Avanco announces a JORC Ore Reserve on any of the licences to the ASX;
- d) US\$1,000,000 upon receipt of mining licence and the commencement of construction of a mining operation;
- e) 1% NSR production royalty, which can be purchased for US\$1,000,000 at any time after the commencement of commercial production, provided the copper price exceeds US\$2.50/lb for three consecutive months; and
- f) Codelco retains “back-in” rights for 60% of the project if a JORC Ore Reserve containing greater than 1.5 million tonnes of copper is announced to the ASX. On executing the back-in, Codelco will no longer be entitled to the production royalty (e, above) and will free-carry Avanco to commercial production.

## PROJECT BACKGROUND

### Location and Tenure

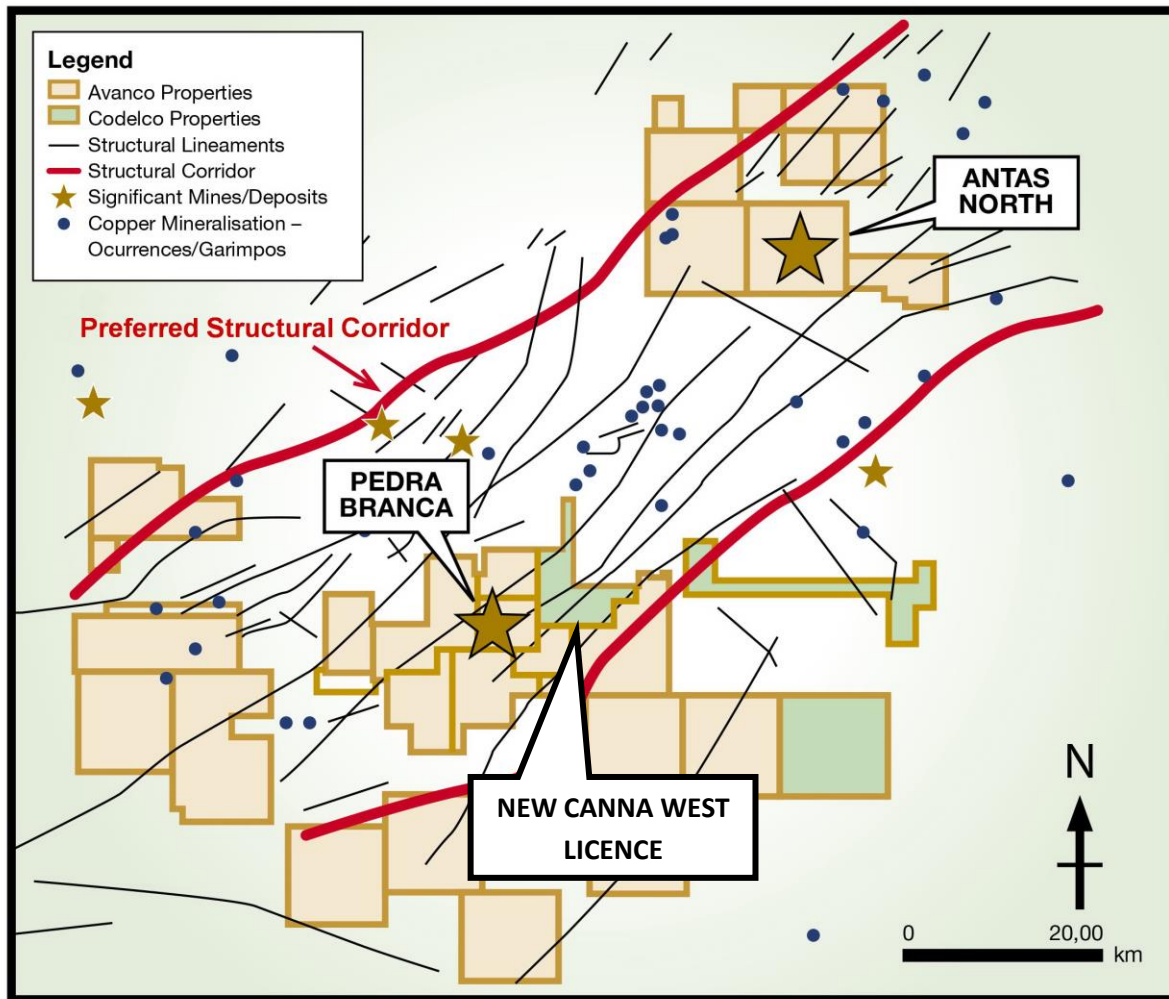
The Canaã West project is located within the Carajás Mineral Province (“CMP”), one of the most prolific mineral provinces in the world. The CMP contains some of the largest known iron oxide copper gold (“IOCG”) deposits including Sossego, Salobo, Igarapé Bahia-Alemão, Cristalino, Gameleira and 118.

The Canaã West area is largely used for farming and has no known environmental constraints. Water and electrical power supplies are accessible in the area.

The 5,025ha Canaã West licence is located proximally to Avanco’s Pedra Branca project where the box-cut and decline development is well advanced (see location plan below). Tenure at Canaã West is in good standing.

Canaã West is situated directly along strike and immediately adjoining Pedra Branca, and hosts an identified and highly attractive IOCG (Cu-Au) target with many similarities to Pedra Branca.

The transaction includes two additional licenses which fall outside the “Preferred Structural Corridor” (see location plan below) and are regarded as low priority.

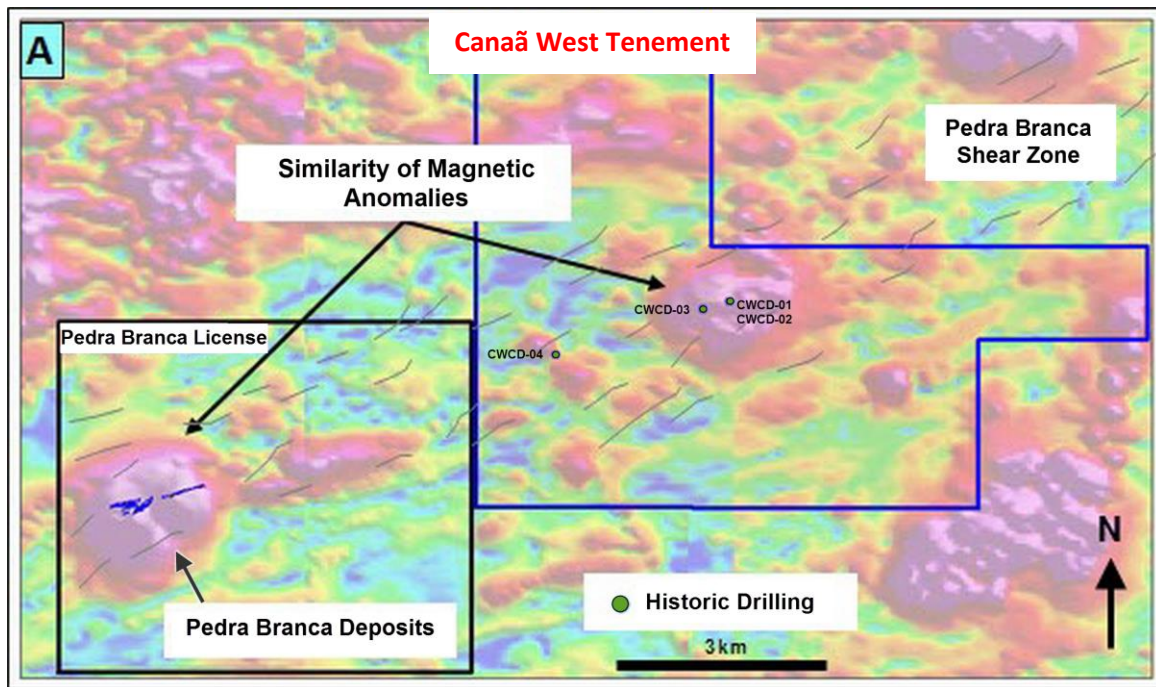


LOCATION MAP

## Geology

Canaã West covers the immediate north-eastern extension of the shear zone that hosts Pedra Branca and contains an almost identical “bullseye” magnetic anomaly (see magnetic image below).

Importantly, geological mapping has identified both hydrothermal breccia and IOCG hydrothermal alteration similar to Pedra Branca (albite, scapolite, K-feldspar and magnetite alteration). Clear indications of the Pedra Branca shear zone (blasto-mylonite, mylonite and S-tectonites) have also been observed and mapped.

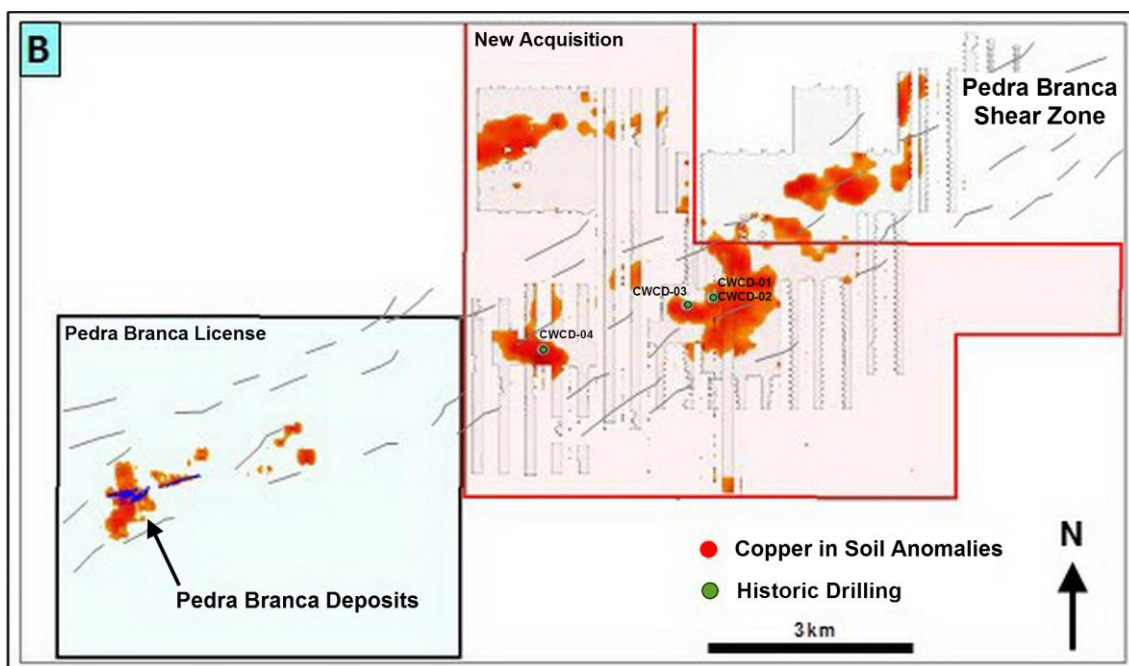


PEDRA BRANCA – CANAÃ WEST MAGNETIC IMAGE

### Previous Exploration

Previous exploration includes geological mapping, rock chipping, ground geophysics (induced polarisation and magnetics), and soil geochemistry. It is worthy to note that EM geophysical surveying has never been undertaken.

Three copper-in-soil anomalies (> 100ppm Cu) have been outlined, two of which are located along the Pedra Branca shear zone. The most prolific soil anomaly (1,500m x 900m in extent) is associated with the bullseye magnetic target (similar in size and appearance to the Pedra Branca magnetic anomaly). However, in the case of Canaã West, the soil anomaly covers a much greater area, and is considered very prospective.



CANAÃ WEST GEOCHEMICAL MAP

Codelco completed four drill holes to test the soil anomalies<sup>1</sup> for presence of a large IOCG deposit, with the main anomaly (associated with the bullseye magnetic target) tested by just three holes, of which two of these holes intersected copper-gold sulphide mineralisation. A summary of the diamond drilling results follows:

CWCD-02 returned best intersections of 3.85m at 1.10% Cu and 0.19g/t Au from 61.55m, and 18.20m at 0.50% Cu from 127.85m. CWCD-03 returned a best intersection of 20.30m at 0.44% Cu from 51.35m. The single hole drilled over the soil anomaly located furthest southwest (CWCD-04) returned a best result of 4.40m at 1.43% Cu from 65.50m. Hole CWCD-01 was drilled parallel to the dip of the structural zone (to the north) and did not return any significant results.

The Company has confidence that the limited drilling, the size of the targets and mineralisation intersected in three of the four holes underscores the very prospective nature of Canaã West.

### **2017 Exploration Programme**

The Company believes that while the historical work has identified quality targets, drilling has not been sufficiently comprehensive to test for small-medium sized, potentially high grade deposits that are Avanco's focus.

Canaã West will be re-assessed during the 2017 exploration campaign. Application of Avanco's new ground EM survey equipment is believed to be well suited to the area and will be used to confirm targets ahead of drill testing.

## **CORPORATE**

Any discovery at Canaã West could be enhanced by its proximity (~8km) to Pedra Branca, and in this situation, even small satellite discoveries have the potential to be economic, as ore haulage would facilitate development in concert with Pedra Branca.

This transaction comes as a result of direct leverage from the Company's transformation to producer status and ongoing success and commitment to the Carajas region.

### **Tony Polglase**

Managing Director

## ABOUT AVANCO

- Avanco (ASX: AVB) is an emerging mid-tier copper and gold company situated in the mining friendly world class Carajas Mineral Province in northern Brazil
- Avanco either owns, or holds the rights to 100% of the second largest area of mineral tenure in the Carajas region behind Vale SA
- The Company is well positioned to potentially operate a number of high grade, low cost copper-gold mines in the region establishing Avanco as a profitable long life producer
- Management has been successful in financing the development of the Antas Copper Mine via an equity capital raising placing Avanco in a strong position, i.e. fully funded into production whilst remaining debt and covenant free
- The Antas Mine was built on time, under budget with an exceptional commissioning and ramp up performance
- Commercial production was declared in July 2016 for 12,000tpa of copper in concentrate and 7,000ozpa of gold by-product credits.
- Management believe the Antas plant output can possibly be increased to 17,000tpa of copper by 2018 as a result of additional ore supply from Pedra Branca and/or new near mine discoveries
- Avanco has engaged MACA, an Australian mining contractor group for the Antas open pit
- Antas is producing a desirable, clean copper concentrate and the Company has executed a three-year offtake contract
- Development of the nearby Pedra Branca East and Pedra Branca West projects have the potential to increase Avanco's production to ~50,000tpa of copper with gold credits
- Study of an initial, smaller scale operation at Pedra Branca East is at an advanced stage as a pre-cursor to full scale development with construction of access commenced
- The Company is supported by institutional shareholders: Blackrock World Mining Trust, Appian Natural Resources Fund, Greenstone Resources and Glencore
- Avanco is managed by highly experienced international and Brazilian mining professionals, most of whom are Portuguese speaking and reside in Brazil
- Whilst near term priorities are focused on life-of-mine growth, Brazil offers significant opportunities to enhance shareholder value through new discoveries, acquisitions or partnerships with neighbouring majors and other companies to increase exposure to copper and gold assets

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**Competent Persons Statement**

*The information in this report that relates to Foreign Mineral Estimates, Exploration Targets, Exploration Results and Mineral Resources is an accurate representation of the available data and 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 property is believed to contain targets of an Iron Oxide Copper Gold (IOCG) style, typical of that found in the Carajas Province of Brazil, and well documented in respected geological texts

### CANAÑ WEST - HISTORIC DIAMOND DRILLING

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m)	From (m) True Depth	To (m)	Width (m) Downhole	Width (m) True	Cu %	Au g/t
CWCD-01	614991	9275751	252.00	-60.0	360.0	214.94	Historic Drilling	No Significant Result						
CWCD-02	614991	9275751	252.00	-75.0	180.0	406.23	Historic Drilling	61.55	~53	65.40	3.85	Unknown	1.10	0.19
and								127.85	~111	146.05	18.20	Unknown	0.50	-
CWCD-03	614595	9275637	267.00	-60.0	180.0	275.98	Historic Drilling	51.35	~44	71.65	20.30	Unknown	0.44	-
CWCD-04	612398	9274965	268.00	-60.0	186.0	201.01	Historic Drilling	65.50	~57	69.90	4.40	Unknown	1.43	-



The following Table and Sections are provided to ensure compliance with the JORC Code (2012 Edition)

**TABLE 1 – Section 1: Sampling Techniques and Data**

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> </ul>	<ul style="list-style-type: none"> <li>Diamond drilling core was cut in half using an industry standard core saw, perpendicular to mineralisation or geology to produce two identical (mirrored) halves. Samples are collected consistently from the same side of cut core, sent to an internationally accredited independent assay laboratory, and analysed for a suite of elements by appropriate analytical techniques for the style and type of Iron Oxide Copper Gold (IOCG) mineralisation.</li> </ul>
	<ul style="list-style-type: none"> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> </ul>	<ul style="list-style-type: none"> <li>The drill hole collar locations were surveyed by a Global Positioning System (GPS) instrument. Drill samples were logged for lithology, weathering, structure, mineralogy, mineralisation, alteration, recovery, and other features. Logging and sampling was completed to industry standard protocols and QAQC procedures.</li> </ul>
	<ul style="list-style-type: none"> <li>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Diamond core was HQ and NQ in size, sampled on mineralised intervals or regular 1.0 m intervals. Core was cut in half to produce sample weights of 3–5kg. Samples were crushed, dried and pulverised (total prep) to produce a sub-sample for analysis. Using a four-acid digest, drill core samples were analysed for ore grade Cu (%), and a 36 multi-element sweep that also includes Au (ppb).</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Diamond drilling was a combination of HQ and NQ. Core is reconstructed into continuous runs in a cradle for orientation where relevant/possible.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> </ul>	<ul style="list-style-type: none"> <li>Diamond core recoveries (RQD’s) were logged as an average for each metre and recorded in the database. Overall recoveries are consistently &gt;70% in</li> </ul>

Criteria	JORC Code explanation	Commentary
		soil/saprolite, and >99% in fresh rock. Recoveries were excellent and there were no known sample recovery problems, except for the soil/saprolite profile.
	<ul style="list-style-type: none"> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> </ul>	<ul style="list-style-type: none"> <li>Diamond core was reconstructed into continuous runs in a cradle for recovery measurement and core orientation, where relevant/possible. Depths are checked against those marked on the core blocks, and against the drilling company's records.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>The Company's CP is not aware of any sample bias or potential for sample bias.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> </ul>	<ul style="list-style-type: none"> <li>Drill samples were logged for lithology, weathering, structure, mineralogy, mineralisation, alteration, recovery, and other features. Logging and sampling was completed to industry standard protocols and QAQC procedures. The Company's CP believes that the level of detail and quality of the work is appropriate to support current and future studies.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> </ul>	<ul style="list-style-type: none"> <li>Drill samples were logged for lithology, weathering, structure, mineralogy, mineralisation, alteration, recovery, and other features. Core was photographed wet.</li> </ul>
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>All drill holes were logged in full from start to finish of the hole.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> </ul>	<ul style="list-style-type: none"> <li>Where sampled, core was cut in half using an industry standard core saw, perpendicular to mineralisation or geology to produce two identical (mirrored) halves. Samples were collected consistently from the same side of cut core.</li> </ul>
	<ul style="list-style-type: none"> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> </ul>	<ul style="list-style-type: none"> <li>Historical drilling is by diamond core only.</li> </ul>
	<ul style="list-style-type: none"> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> </ul>	<ul style="list-style-type: none"> <li>Sample preparation was per industry standards, including oven drying, coarse crush, and pulverisation to 85% passing 100µm or better.</li> </ul>
	<ul style="list-style-type: none"> <li>Quality control procedures adopted for all sub-sampling stages to</li> </ul>	<ul style="list-style-type: none"> <li>Historical drilling used an industry standard QAQC programme involving Certified Reference Materials "standards" for Cu and Au inserted a rate of</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>maximise representivity of samples.</i></p> <ul style="list-style-type: none"> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<p>approximately 1 in 40, and duplicates at a rate of approximately of 1 in 20.</p> <ul style="list-style-type: none"> <li>Duplicates are inserted at an approximate rate of 1 duplicate per 20 normal samples.</li> <li>Avanco's CP considers that sample sizes were appropriate, and correctly represent the style and type of mineralisation.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>Assaying used a four-acid digest, which is a standard industry method for Base and Precious metals analysis. The acids used are hydrofluoric, nitric, perchloric and hydrochloric acids, suitable for silica based samples. The method approaches total dissolution of most minerals. "Ore grade" Cu is further analysed by an accredited AAS "Ore Grade" analysis method. The analysis is considered total and appropriate.</li> <li>No analytical analysis was carried out using in-house tools on the historical drilling.</li> <li>Historical drilling used an industry standard QAQC programme involving Certified Reference Materials "standards" for Cu and Au inserted a rate of approximately 1 in 40, and duplicates at a rate of approximately of 1 in 20.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> </ul>	<ul style="list-style-type: none"> <li>The historical drilling was overseen and visually inspected by senior exploration geologists/managers belonging to the previous company that carried out the work.</li> <li>Avanco's CP believes that the historic drilling was exploratory in nature, not necessitating twin hole drilling for such an early stage of exploration.</li> <li>Primary data was collected on Excel templates. Information is transferred, validated, complied, and managed by an in-house database manager. Data was stored on a central server, kept in a secure and environmentally controlled room, with regular automated back-up procedures.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>No adjustments or calibrations were made to assay data.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> </ul>	<ul style="list-style-type: none"> <li>Collar locations are surveyed by GPS on the State Survey Datum using true Mean Sea Level RL's. Downhole surveys were completed using a Maxibor digital down-hole tool with readings taken every 3 m.</li> </ul>
	<ul style="list-style-type: none"> <li>Specification of the grid system used.</li> </ul>	<ul style="list-style-type: none"> <li>Universal Transverse Mercator, SAD69 Zone 22 South.</li> </ul>
	<ul style="list-style-type: none"> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Regional Topographic control (1 m contours) and Digital Terrain Models are used.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>The programme of historic drilling was exploratory in nature, and as such it is irregularly spaced per target location/selection.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> </ul>	<ul style="list-style-type: none"> <li>The programme of historic drilling was exploratory in nature, and as such there is currently no known geological or grade continuity, or potential to generate a mineral resource.</li> </ul>
	<ul style="list-style-type: none"> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>No compositing has been applied.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> </ul>	<ul style="list-style-type: none"> <li>The programme of historic drilling was exploratory in nature. Avanco's CP does not believe that drilling adequately tested possible structures, and that further work is required.</li> </ul>
	<ul style="list-style-type: none"> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Avanco's CP does not believe that any sample bias has been introduced.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Avanco's CP believes that appropriate steps were taken, per industry standards, to ensure samples security and chain of custody management.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>Avanco's CP is not aware of any reviews or audits.</li> </ul>

**TABLE 1 – Section 2: Exploration Results**

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> </ul>	<ul style="list-style-type: none"> <li>VALE DOURADO MINERAÇÃO Ltda is a wholly owned Brazilian subsidiary of Avanco Resources Ltd, who have the rights to earn up to 100% of the tenements in Canaã West project acquisition from Codelco. State royalties amount to 2% NSR on Cu and 1% NSR on Au. Unless negotiated otherwise with the owner, the surface rights owner (farmer) receives a royalty equal to 50% of the State royalty. Depending on the outcome of the Joint Venture, Codelco can earn 1% NSR royalty.</li> </ul>
	<ul style="list-style-type: none"> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>850.145/1995 is a granted exploration licence, in its first 3-year term.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Avanco’s CP has determined that the quality and integrity of historical work is adequate for inclusion, consideration and interpretation in current and future work programmes.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Iron Oxide Copper Gold (IOCG), hosted predominantly by mafic metavolcanic and granitic rocks.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:               <ol style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Tabulation of information relating to drilling can be found in this report listed in the table “CANAÃ WEST - HISTORIC DIAMOND DRILLING”. Information relating to Points “A” through to “E” inclusive, are included in this table.</li> </ul>
	<ul style="list-style-type: none"> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>No information listed in Points “A” through to “E” has been excluded.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>Where results are reported, averaging of mineralised intervals are calculated by the following parameters               <ol style="list-style-type: none"> <li>Weighted averaging of grade/thickness</li> <li>A minimum Cut-off grade of 0.1% Cu</li> <li>A maximum of 3 continuous metres of internal dilution (&lt;0.1% Cu)</li> <li>Top-Cuts of 20% Cu, 10g/t Au.</li> </ol> </li> </ul>
	<ul style="list-style-type: none"> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> </ul>	<ul style="list-style-type: none"> <li>Where results are reported and intercepts incorporate lengths of “high grade” (in the context of surrounding results), these “high grade” results have been detailed transparently and separately in any reported results, both in the text of the report and in the table “CANAÑ WEST - HISTORIC DIAMOND DRILLING”.</li> </ul>
	<ul style="list-style-type: none"> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>No assumptions are included in this report, because Metal Equivalents have not been used.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li><i>If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.</i></li> </ul>	<ul style="list-style-type: none"> <li>The historic drilling was exploratory in nature, and thus this information is presently unknown.</li> </ul>
	<ul style="list-style-type: none"> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</i></li> </ul>	<ul style="list-style-type: none"> <li>The historic drilling was exploratory in nature. Where results are reported, True Depths of all assay intersections have been calculated and shown, while True Widths are unknown, as there is not enough drilling/data to make such a calculation/interpretation. This is shown clearly as “unknown” in the table “CANAÑ WEST - HISTORIC DIAMOND DRILLING”.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Figures showing the location of historical drilling are included in this report. All intercepts are tabulated in “CANAÑ WEST - HISTORIC DIAMOND DRILLING”.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>Results are reported for every historical drill hole including any high or low grade intersection. Even if secondary elements (for example Au credits) are “No Significant Result” (NSR), they are still shown as such.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported) including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>All material and meaningful exploration data, relevant to the scope of work in this report, has been included in this report. There is no other information, which is available and/or in the opinion of the Company's CP is lacking in this report.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>The programme of historic drilling was exploratory in nature. Future work by Avanco will consist of ground geophysics (Electromagnetics) and further drilling of an exploratory nature as required to test prospective targets.</li> <li>Figures are included in this report, highlighting the regional potential of the project in relevance to the stage of exploration – principally the structural setting along strike from the Company's Pedra Branca project, and relevance/relationship to geophysical targets and Cu/Au in-soil anomalies.</li> </ul>