

THE AUSTRALIAN COPPER COMPANY IN BRAZIL



# ◦ Second Quarter 2017 Activities Report

26 July 2017



## Highlights

Excellent safety performance with no reported lost-time injuries

Second quarter production of copper in concentrate of 3,589 tonnes, first half 7,095 tonnes. On an annualised basis, 1% above the top-end of annual guidance range of 13,500 – 14,000 tonnes.

Second quarter sales of 3,134 tonnes copper and 2,506 ounces gold in concentrate, generating provisional sales revenue (excluding costs) of US\$21.2m.

Cost control efforts rewarded with a 4% in reduction in C1 unit cash costs to \$1.46/lb (Q1 2017: \$1.52/lb).

Cash increased to \$26.3m after capital expenditure of \$2.4 m for the quarter (Q1 2017: \$1.9m) - the Company continues to be debt-free.

Renewed exploration focus with \$10.6 million budget to advance projects.

**ASX: AVB, Avanco Resources Limited (“Avanco” or “the Company”) is pleased to present its Second Quarter 2017 Activities Report for the period ending 30 June 2017.**

During the quarter, the **Antas Mine** produced copper and gold above guidance generating positive free cashflows. The resource and reserve drill program advanced well, yielding immediate results with the identification of a near-mine exploration prospect.

The **Pedra Branca East Project** advanced with the release of the pre-feasibility study, demonstrating the viability of a large-scale standalone underground mining operation. The definitive feasibility study is in progress, in addition to mining studies and a reserve definition and resource extension drill program, including Pedra Branca West.

The **Centro Gold Project** contributed to an excellent first half for the Company with the announcement of an improved mineral resource confidence and the commencement of a scoping study. Furthermore, good progress continues to be made with the resolution of licensing issues.

## PRODUCTION & FINANCIAL RESULTS

		Q2 2017	Q1 2017	Variance
Copper in concentrate produced	t	3,589	3,506	+2.4%
Gold in concentrate produced	oz	2,961	2,783	+6.4%
Copper in concentrate sold (net of finalisations)	t	3,134	3,604	-13.0%
Gold in concentrate sold (net of finalisations)	oz	2,506	2,607	-3.9%
C1 cash cost	\$/lb	1.46	1.52	-3.9%
Cash at bank	\$m	26.3	23.1	+13.9%

## CORPORATE

The Company moved towards greater board independence with the appointment of Mr Paul Chapman as a new Independent Non-Executive Director. The Board of Directors now comprises a majority of Independent Non-Executive Directors.

Founding Director and Independent Chairman, Mr Colin Jones announced his intention to retire at the end of August 2017. The search for a new Independent Non-Executive Chairman is underway.

During May, the the Company's ASX classification changed from a 'mining exploration company' to a 'mining producing company' with immediate effect, marking a step change in the Company's progress.

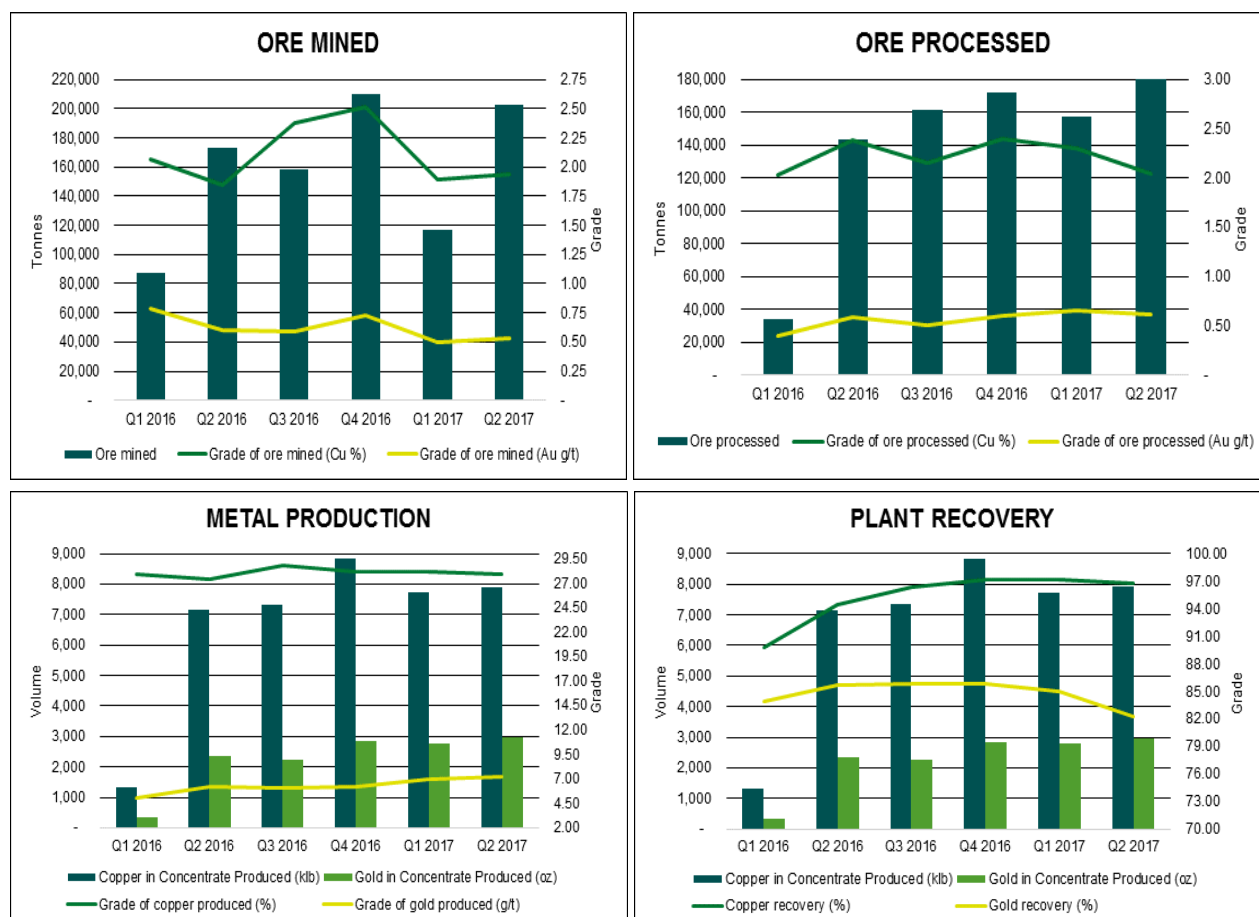
At the end of the quarter the Company celebrated its first anniversary since the start of commercial production, an anniversary that demonstrates a solid track record and a year of significant progress.

With positive cash flows from operations of \$5.7 million over the second quarter, cash balances increased to \$26.3 million at quarter end. The Company remains debt free.

# Antas Mine

The Antas Mine continued an excellent performance in to the second quarter, notably with copper and gold production ahead of the upper-end of the annual guidance range, whilst costs also improved. This performance is exceptional when it is considered that mining experienced higher strip-ratios and lower grades due to the Stage 2 cutback in the Antas Pit, and the plant completed an extended maintenance shutdown.

**Figure 2: Antas Mining & Processing**



## SAFETY

Antas continued to operate with no lost time injuries. To date, a total 2.13 million injury-free man hours have been achieved.

As at the end of June 2017, 449 employees and contractors were employed across Avanco's operations and offices.

## PRODUCTION

During the second quarter the Antas Mine<sup>1</sup> increased production quarter-on-quarter, and slightly above the upper-end of annualised guidance, with 3,589 tonnes of copper, and 2,961 ounces of gold, in 12,856 tonnes of concentrate. For the first half of 2017 total production is 7,095 tonnes of copper and 5,744 ounces of gold in 25,288 tonnes of concentrate. Consequently, at this point in time, management is confident that it will achieve its full year production targets.



**Figure 3: Antas Production Results**

		Units	Q2 2017	Q1 2017	Variance	1H 2017
Mining	Total Material Mined	t	2,018,673	1,543,843	+30.8%	3,562,516
	Ore Mined	t	202,629	116,973	+73.2%	319,602
	Copper Grade	%	1.94	1.90	+2.1%	1.92
	Gold Grade	g/t	0.53	0.50	+6.0%	0.52
Processing	Tonnes Processed	t	181,865	157,161	+15.7%	339,026
	Copper Grade	%	2.04	2.29	-10.9%	2.16
	Gold Grade	g/t	0.62	0.65	-4.6%	0.63
	Copper Recovery	%	96.74	97.20	-0.5%	96.98
	Gold Recovery	%	82.27	84.91	-3.1%	83.59
Production	Concentrate	DMT	12,856	12,432	+3.4%	25,288
	Contained Copper	t	3,589	3,506	+2.4%	7,095
	Contained Gold	oz	2,961	2,783	+6.4%	5,744
	Concentrate Copper Grade	%	27.91	28.20	-1.0%	28.05
	Concentrate Gold Grade	g/t	7.18	6.96	+3.2%	7.07

**MINING**

During the second quarter over 2 million tonnes of material was mined, a new record and a solid 30% increase compared to the previous quarter. The increase in mined material was planned to accelerate and secure access to ore in the second stage of the Antas Pit and thereby reduce operational risks. Consequently, of the record 2,018,673 tonnes mined, 1,816,044 tonnes comprised waste and 202,629 tonnes ore.

As the Antas Mine exits the 2016-2017 wet season and enters the dry season, the mine plan is forecast to continue with higher mining rates in preparation for the start of the next wet season in the fourth quarter.

Mining And Civil Australia (MACA) continues to show progress with the mechanical availability of the mining fleet, following the problems encountered with the primary excavator during the first quarter. During the quarter MACA mobilised a 7th Volvo A40F truck slightly ahead of schedule, compensating for the longer haulage times as the pit deepens and haulage distances increase.

**Figure 4: High Grade Massive Sulphide Ore in the Antas Stage 2 Pit**

**Figure 5: Mine Reconciliation – Project to Date**

	Actual Mined	Ore Reserve	Variance (%)
Copper Metal Tonnes	18,367	19,344	-5%
Gold Metal Ounces	16,624	14,827	+12%

The second quarter mine reconciliation continues to reflect the positive improvements to the ore mined compared to the original geological model as the Antas mine deepens. Variances in copper metal remain consistent, with the later months in the quarter showing a slight upswing in the monthly reconciliations. The gold variance marginally weakened for the quarter, but remains positive against the reserve model. The gold geological settings at Antas is increasingly being understood and will be incorporated in the upcoming resource update.

## ANTAS EXPLORATION

During the quarter work commenced on a 5,000-metre drill program with three objectives:

1. Upgrade confidence in existing probable reserves deeper in the pit.
2. Growing the existing resources and reserves at Antas.
3. Targeting extension to the mine life.

At the end of the quarter, three diamond drill rigs were in operation at Antas. Approximately 4,000 metres of the original 5,000 metres have been completed, though an additional 1,500 metres of new drilling has been added to the program following up on positive results to date.

**Figure 6: AAND-109 Targeting Life-of-Mine Mineralisation Below the Pit, 330 Metre Deep Hole**



During the quarter, the Company's EM (electromagnetic) equipment facilitated the discovery of two new EM conductors 400 metres northeast of the Antas Pit.

A first drill hole, AAND-100 returned positive results. The intersection of mineralisation in the maiden drill hole on this new target, located close to the operating Antas Mine, was an encouraging start. The best result was returned from the lower part of the mineralised zone<sup>2</sup> with 8.60m @ 1.30% Cu, 1.36g/t Au from 75.55m (downhole depth) in AAND-100<sup>3</sup>.

Follow up drilling commenced immediately with three holes planned in total, the first of which AAND-114 was completed in July. This drill hole confirmed the continuation of significant copper mineralisation 25 metres along strike from AAND-100 with the intersection of a variably mineralised zone approximately 44 metres wide, from approximately 59 metres to 103 metres (downhole widths and depths)<sup>3</sup>.

Assays from all drill holes are expected in the third quarter.

## PROCESSING

A total of 181,865 tonnes were processed through the plant during the quarter, a 16% increase compared to the previous quarter. Even with this significant improvement, further enhancements to the plant were initiated in the quarter, notably:

- Purchase and implementation of an automatic control system for the crushing circuit, with commissioning on schedule for the third quarter of 2017.
- Installation of additional guarding for moving parts protection on the conveyor belts.
- Installation of hydraulic lift facilitating removal of oversize rocks from the jaw crusher.
- Installation of cameras to improve the control of the flotation circuit.

## OPERATING COSTS

The C1 unit cash cost improved marginally during the quarter, reducing to \$1.46/lb in the second quarter from \$1.46/lb in the first quarter. The improvement was primarily driven by the increase in copper production; cost reduction initiatives in the plant consumables; positive stockpile movements and the BRL softening against the USD (Q2 2017: 3.21 versus Q1 2017: 3.14). The improvement was partially offset by a decrease in gold credits and increase in mining costs associated with an increase in material mined.

Further cost reduction initiatives are underway with the main opportunity areas being process plant, electricity, consumables and improved mobile fleet efficiencies.

Figure 7: Production Costs

		Units	Q2 2017	Q1 2017	Variance	1H 2017
Payable Copper Production		'000lbs	7,628	7,454	+2.3%	15,082
Payable Copper Sold		'000lbs	6,910	7,945	-13.0%	14,855
Production Costs	Mining Cost	\$/lb	1.04	0.87	+19.5%	0.96
		R\$/lb	3.34	2.73	+22.3%	3.04
	Processing Cost	\$/lb	0.33	0.43	-23.3%	0.38
		R\$/lb	1.08	1.34	-19.4%	1.21
	Administration Cost	\$/lb	0.09	0.10	-10.0%	0.09
		R\$/lb	0.29	0.30	3.3%	0.30
	Subtotal	\$/lb	1.46	1.40	+4.3%	1.43
		R\$/lb	4.71	4.37	+7.8	4.55
Selling Costs	Freight and Expediting	\$/lb	0.23	0.31	-25.8%	0.27
	Gold Credits	\$/lb	(0.41)	(0.43)	-4.7%	(0.42)
	Smelter Charges	\$/lb	0.17	0.21	-19.0%	0.19
	Subtotal	\$/lb	0.01	0.09	-88.9%	0.04
Cash Operating Costs		\$/lb	1.47	1.49	-1.3%	1.47
Movement Stockpiles		\$/lb	(0.01)	0.03	-133.3%	0.02
C1 Cash Costs*		\$/lb	1.46	1.52	-3.9%	1.49
All in Sustaining Cash Costs**		\$/lb	1.88	1.82	+3.3%	1.85
Average USD/BRL		USD:BRL	3.21	3.14	+2.2%	3.18

\*C1 cash costs are calculated per payable pound of copper produced and adjusted for inventory movements during the period. Mining costs include the full cost of all waste mined during the period.

\*\*AISC is calculated per payable pound of copper sold, net of finalisation sales and adjusted for concentrate inventory movements during the period.



## BRAZILIAN REAL

The Company's costs are predominantly in Brazilian Real. Although the Real weakened marginally during the quarter it has largely been on a strengthening trend since the end of 2015. In addition to Brazilian inflation, this has affected actual local costs, and translation of costs as reported in US Dollars.

Figure 8: Brazilian Real : US Dollar, June 2016 – July 2017



Source: Bloomberg

## SALES

A total of 6,989,000 pounds of copper and 2,625 ounces of gold were sold during the second quarter at average provisional prices of \$2.57/lb copper and \$1,257/oz gold respectively, resulting in gross provisional sales of \$21.2 million (Q1 2017: \$26.2m).

Figure 9: Concentrate Sales

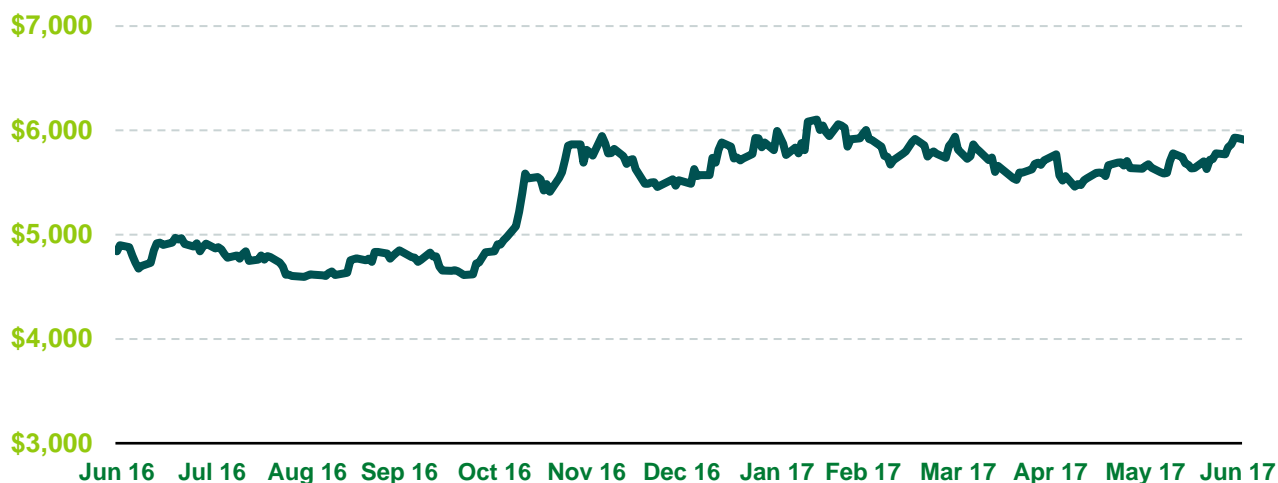
	Units	Q2 2017	Q1 2017	Variance	1H 2017
Copper in Concentrate Sold*	'000lb	6,910	7,945	-13.0%	14,855
Gold in Concentrate Sold**	oz	2,506	2,607	-3.9%	5,113
Provisional Sales (excluding costs)	\$'000	21,238	26,199	-18.9%	47,437
Finalised Sales (excluding cost)	\$'000	(36)	417	-108.6%	381

\* Including 80,000lb of finalised copper sales adjustments during the second quarter 2017 (Q1 2017: 698,000lb). See reconciliation below.

\*\* Including 119oz of finalised gold sales adjustments during the first quarter 2017 (Q1 2017: 248oz). See reconciliation below.

As at 30 June 2017, the Company has sold forward 2,450 tonnes of copper at an average price of \$5,783 per tonne (\$2.62/lb). The Company has the option to reallocate these tonnes to months with more favourable pricing.

Figure 10: Copper price (US Dollar per tonne), June 2016 – July 2017



Source: Bloomberg

### SALES FINALISED DURING THE QUARTER

Final concentrate assays for eight shipments were agreed and finalised with the customer during the quarter. Reconciliation of the differences, that included assay, weight and pricing adjustments resulted in a net cash outflow of \$36,000.

Figure 11: Finalised concentrate sales

SALES		Units	Provisional	Final	Variance
Copper	Copper in Concentrate Sold	'000lb	5,491	5,411	-80
	Copper Sales (excluding costs)	\$'000	14,029	14,150	+121
	Copper Price	\$/lb	2.56	2.61	+0.05
Gold	Gold in Concentrate Sold	oz	1,856	1,737	+119
	Gold Sales (excluding costs)	\$'000	2,217	2,060	-157
	Gold Price	\$/oz	1,194	1,186	-8
Copper and Gold sales (excluding costs) net effect		\$'000	16,246	16,210	(36)



# Pedra Branca

## PRE-FEASIBILITY STUDY

During the quarter, the Pedra Branca Project passed a significant development milestone with the release of the Pedra Branca East Pre-Feasibility Study<sup>17</sup>.

The pre-feasibility study demonstrated the viability of a large-scale standalone underground mining operation in the eastern orebody. The main conclusions of the PFS are:

- 1,200,000 tonnes production for 24,000 tonnes of copper and 16,000 ounces of gold per annum
- NPV estimate at \$200 million with a 34% IRR
- Estimated \$368 million life-of-mine cashflow
- Pre-production capex of \$158 million
- Estimated C1 costs approximately \$1.30/lb assuming a conservative copper price of \$2.65 to \$2.95/lb and BRL : USD rate of 3.20.

Following the positive outcomes of the pre-feasibility study, the definitive feasibility study commenced immediately to advance the project.

A summary of pre-feasibility study can be viewed at [www.avancoresources.com](http://www.avancoresources.com) or [here](#).

The application for the full environmental licence for Pedra Branca was submitted in June. The grant of the environmental licence is the pre-cursor to the issue of a full mining licence. Approval is anticipated during the second half of 2018. In the meantime, approval of a trial mining licence (small scale) is anticipated during the third quarter of 2017.

## RESOURCE EXTENSION AND RESERVE DEFINITION

Resource extension and reserve definition drilling at the Pedra Branca Project has commenced. The drill program complements the current Definitive Feasibility Study (DFS), and initiates evaluation of the neighbouring Pedra Branca West orebody.

The 5,000 metre program is targeting:

- Strike extension
- Increasing resources
- Infill drilling of inferred resources - intended to upgrade to higher JORC category, and support the Pedra Branca East definitive feasibility study

## PEDRA BRANCA EAST DRILL PROGRAM

Drilling will initially target potential extensions of the orebody along strike by following-up on hole APBD-15-39<sup>4</sup>, one of the best drill intersections from previous drilling: 40.00m at 1.60% Cu, 0.26g/t Au from 436.00m, including: 18.80m at 2.89% Cu, 0.89g/t Au from 437.60m.

**Figure 12: Drilling at Pedra Branca East, Drill Hole APBD-17-64**



APBD-17-64 is collared on the eastern edge of the deposit to determine if the orebody remains open on strike. APBD-15-39 displays a wide intersection of mineralisation and the characteristic highly desirable “hanging-wall high-grade zone”. Management anticipate that extensional drilling has the potential to increase and expand Pedra Branca East thereby further improving the project economics and mine-life.

Infill drilling will be undertaken with the objective of upgrading JORC classified inferred resources and subsequent conversion to reserves.

# CentroGold Project

## SCOPING STUDY

Following the upgrade of the JORC Resource estimates<sup>5</sup> for the Cipoeiro Deposit<sup>6</sup> hosted within CentroGold, work has focused on the Scoping Study. Preliminary observations are encouraging with studies being expanded to include a number of new scenarios and sizing variants that could identify upside potential.

## LICENSING UPDATE

Resolution of issues surrounding the existing Environmental licence continue to make satisfactory progress, while community support for mine development is encouraging.

The environmental permit is key to obtaining the mining lease and the implementation licence, which allow for construction of the mine. The environmental licence had been previously granted, but later suspended. Avanco aims to have this suspension removed, to be able to move the project directly to mine construction activities.

If Avanco is unable to remove the suspension, the Company would simply follow the normal process of applying for a new environmental licence (as is the case with Pedra Branca).

The Company anticipates that the environmental licence suspension will be lifted during the second half of 2017. The mineral rights remain in good standing with the Departamento Nacional de Produção Mineral (DNPM).

In parallel with permitting, the Company continues to cultivate the good relationships with the local community and municipality.

## FORWARD PROGRAM

Confident of a positive outcome with the environmental permit and mining license, management is at an advanced stage of planning for a resource infill and reserve definition drill program.



# Regional and Near Mine Exploration

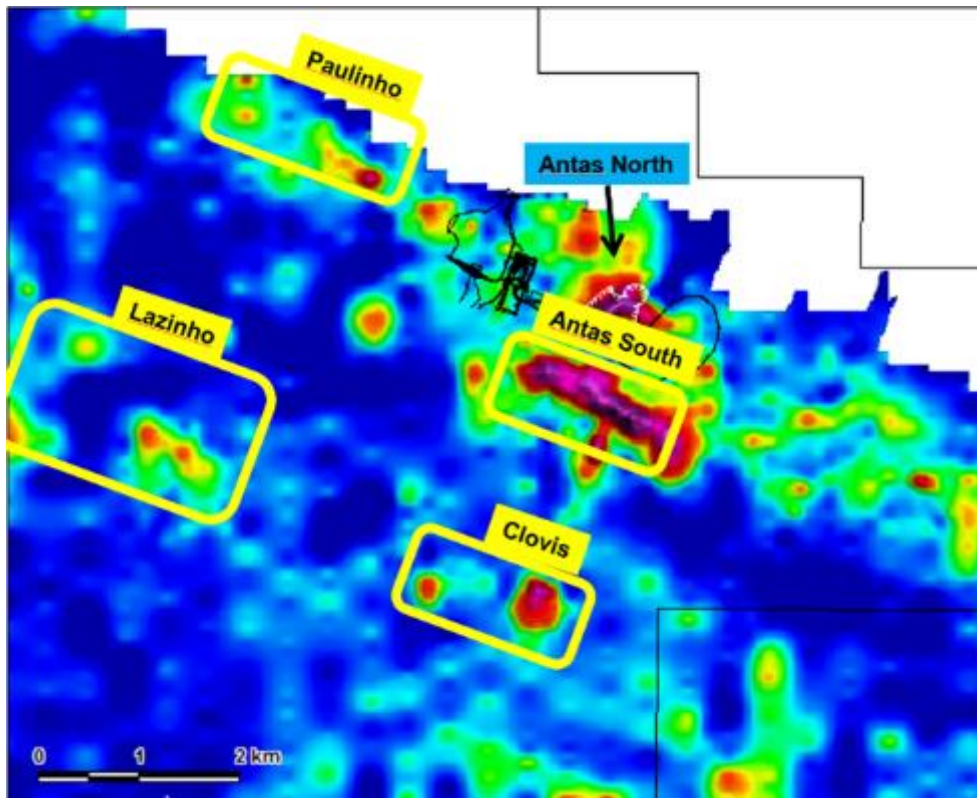
## PENDING NEAR MINE TARGETS

The Antas mining lease area is believed to be fertile for new copper-gold discoveries for three reasons, namely:

1. The producing high grade Antas Min
2. The current EM led discovery
3. Historical soil geochemistry and scout drilling over numerous targets.

Examples of targets that have been prioritised for EM survey, none of which have been tested previously by Avanco, are identified below:

Figure 12: Near Mine Targets Shown Over Copper in Soil Anomalism (Coloured Hot to Cold)



The exploration of the above targets is an exciting opportunity, especially having now demonstrated the ability of EM to accelerate exploration and define conductors that potentially represent massive sulphide chalcopyrite IOCG mineralisation. Management expect that EM surveying over the above targets will be completed over the coming months.

## PENDING REGIONAL EXPLORATION TARGETS

With the additional EM unit having arrived in Brazil, work is expected to commence on regional exploration targets. It is likely that work will commence initially on targets to the east of Pedra Branca, and from there expand to cover the Canaã West Project<sup>8</sup>, situated along strike from Pedra Branca.

The Company continues to be presented with new regional opportunities, some of which are considered worthy of further investigation.

# CORPORATE

The Company continues to produce positive cash inflow from operations. Avanco remains committed with its exploration and development programs, being fully funded from cashflows.

As at the 30<sup>th</sup> June 2017, the Company's cash position had increased to \$26.3m from \$23.1m at the end of the first quarter 2017.

**Figure 13: Quarterly Cash Position Reconciliation**

	<b>\$'000</b>
<b>Cash Position - 1 April 2017</b>	<b>23,143</b>
Sales receipts net of treatment and refining costs	21,622
Operating costs including royalties, admin and corporate	(15,939)
<b>Free cashflow from operations</b>	<b>5,683</b>
Interest earned and foreign exchange movements in cash held	(165)
Capital expenditure	(752)
Development, exploration and evaluation expenditure	(1,621)
<b>TOTAL CASH INCREASE</b>	<b>3,145</b>
<b>CASH POSITION - 30 June 2017</b>	<b>26,288</b>

**TONY POLGLASE**  
MANAGING DIRECTOR

**Notes:**

Financial numbers, unless stated as final, are provisional and subject to change when final grades, weight and pricing are agreed under the terms of the offtake agreement. Figures in this announcement may not sum due to rounding. All dollar amounts in this report refer to United States Dollar unless otherwise stated. Avanco has elected to present this report with comparable results of the Fourth Quarter 2016 considering that the Company's focus during the First Quarter 2016 was the development and construction of the Antas Norte plant. Going forward, Avanco will present its results with comparable figures from the previous year.

### CARAJAS COPPER – Mineral Resources<sup>7,8,9,10,11</sup>

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PB East <sup>12</sup>	Measured	1.98	2.7	0.7	53,000	43,000
	Indicated	5.72	2.8	0.7	161,000	123,000
	Inferred	2.78	2.7	0.6	75,000	55,000
	<b>Total</b>	<b>10.48</b>	<b>2.8</b>	<b>0.7</b>	<b>289,000</b>	<b>221,000</b>
PB West <sup>12</sup>	Indicated	4.46	2.04	0.61	91,000	87,000
	Inferred	2.74	1.72	0.56	47,000	49,000
	<b>Total</b>	<b>7.19</b>	<b>1.92</b>	<b>0.59</b>	<b>138,000</b>	<b>136,000</b>
<b>Pedra Branca</b>	<b>Total</b>	<b>17.67</b>	<b>2.44</b>	<b>0.65</b>	<b>427,000</b>	<b>357,000</b>
Antas North <sup>12</sup>	Measured	1.96	3.42	0.76	67,000	48,000
	Indicated	1.61	2.23	0.42	36,000	22,000
	Inferred	1.89	1.59	0.23	30,000	14,000
	<b>Total</b>	<b>5.46</b>	<b>2.43</b>	<b>0.48</b>	<b>133,000</b>	<b>84,000</b>
Antas South <sup>13</sup>	Measured	0.59	1.34	0.18	8,000	3,000
	Indicated	7.50	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>33.21</b>	<b>1.95</b>	<b>0.49</b>	<b>645,000</b>	<b>506,000</b>

### ANTAS COPPER MINE – Ore Reserves<sup>14,15</sup>

LOCATION	JORC Category	Economic Cut-Off Cu%	Million Tonnes	Copper (%)	Gold (g/t)	Copper Metal (T)	Gold Metal (Oz)
Antas Mine	Proved	0.65	1.23	3.34	0.73	41,100	28,900
	Probable	0.65	1.69	2.16	0.47	36,500	25,500
Mine Stockpiles	Proved	0.65	0.12	2.26	0.53	2,800	2,100
<b>TOTAL PROVEN + PROBABLE</b>			<b>3.04</b>	<b>2.64</b>	<b>0.58</b>	<b>80,400</b>	<b>56,500</b>

### CENTROGOLD – Mineral Resources<sup>16</sup>

DEPOSIT	Category	Million Tonnes	Au (g/t)	Gold Metal (Oz)
Contact Zone <sup>16</sup>	Indicated	2.1	2.5	168,000
	Inferred	5.9	2.2	424,000
	<b>Total</b>	<b>8.1</b>	<b>2.3</b>	<b>592,000</b>
Blanket Zone <sup>16</sup>	Indicated	10.8	1.7	597,000
	Inferred	1.4	2.2	97,000
	<b>Total</b>	<b>12.2</b>	<b>1.8</b>	<b>694,000</b>
<b>TOTAL</b>		<b>20.2</b>	<b>2.0</b>	<b>1,286,000</b>



## Competent Persons Statement

*The information in this report that relates to 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 Antas copper mine, Pedra Branca (PB) deposit, and their surrounding targets are all defined as Iron Oxide Copper Gold (IOCG) style deposits/targets, typical of that found in the Carajas Province of Brazil, and well documented in respected geological texts
2. See, ASX Announcement "Antas and Near Mine Exploration Update: Electromagnetic Equipment Yields Positive Results", 19 June 2017, for details
3. See, ASX Announcement "Positive Assay Results from First Drill Hole", 4 July 2017, for details
4. 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 West resource estimate
5. See ASX Announcement CentroGold- Improved Mineral Resource Confidence Advances Scoping Study", 26 April 2017, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pedra Branca West resource estimate
6. Gold mineralisation within the CentroGold project is typical of mesothermal vein-style, or orogenic-style gold deposits
7. Refer ASX Announcement "Pedra Branca Resource Upgrade, Advances Development Strategy", 26 May 2016, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pedra Branca East resource estimates
8. 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 West resource estimate
9. 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
10. 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
11. 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
12. Grade Tonnage Reported above a Cut-off Grade of 0.9% Copper
13. Grade Tonnage Reported above a Cut-off Grade of 0.3% Cu for Oxide Resources
14. 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
15. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves
16. Grade Tonnage Reported above a Cut-off Grade of 1.0g/t Gold
17. See ASX Announcement "Positive Pre-Feasibility Study for Pedra Branca", 26 May 2017.

## INTERESTS IN MINING TENEMENTS HELD

Project	Property Name	Tenure Title Holder	Interest %	AREA (ha)	DNPM8 No of Area	Status of Tenure
STAGE 1	Rio Verde	AVB	100	7,290.6	PL 470	Mining Concession
	Rio Verde	AVB	100	7,290.6	853.714/1993	Mining Concession
	Rio Verde	AVB	100	2,009	850.113/2017	Granted to 2020
	Serra Verde	AVB	100	2,391	850.622/2007	#
	Serra Verde	AVB	100	7,359	850.892/2006	Granted to 2018
	Estrela East	VDM**	100	4,230	850.825/2005	Granted to 2019
	Agua Boa	VDM	100	1,327	850.016/2013	#
	Agua Boa	ARM	100	8,907	850.823/2005	***
	Agua Boa	ARM	100	6,552	850.552/2016	Granted to 2019
	Agua Boa	VDM	100	8,957	850.826/2012	***
STAGE 2	Pedra Branca	VDM	100	3,195	850.318/2000	Final Report Approved
	Pedra Branca	VDM	100	8,881	850.570/2003	Granted to 2016
	Pedra Branca	AVB	100	4,106	850.202/2013	Granted to 2016
	Pedra Branca	VDM	100	9,391	850.707/2009	Granted to 2017
	Pedra Branca	VDM	100	9,879	850.526/2004	Granted to 2017
	Pedra Branca	VDM	100	1,040	850.278/2005	Granted to 2017
	Pedra Branca	EST	100	4,998	850.053/2014	Granted to 2018
	Pedra Branca	VDM	100	9,859	851.067/2007	Granted to 2018
	Pedra Branca	VDM**	100	240	850.217/2000	Granted to 2018
	Pedra Branca	AVB	100	5,000	851.674/2011	Granted to 2018
	Pedra Branca	VDM	100	7,770	850.780/2012	Granted to 2018
	Pedra Branca	VDM	100	9,988	850.226/2009	Granted to 2019
	Pedra Branca	EST	100	5,000	850.228/2016	Granted to 2019
	Pedra Branca	AVB	100	598	300.420/2011	#
	Pedra Branca	VDM**	100	4,980	850.146/1995	#
	Pedra Branca	VDM**	100	9,993	850.173/2002	#
	Pedra Branca	VDM**	100	9,755	850.181/2001	#
	Pedra Branca	VDM**	100	10,000	850.300/1993	#
	Pedra Branca	VDM**	100	8,047	850.191/2005	#
	Pedra Branca	EST	100	4,999	851.700/2013	#
	Pedra Branca	VDM	100	3,195	300.710/2014	#
CANAÃ WEST	Canaã West	VDM**	100****	5,024	850145/1995	Granted to 2018
	Canaã West	VDM**	100****	10,000	850994/2011	Granted to 2017
	Canaã West	VDM**	100****	5,753	854951/1995	#
Carajas Regional	Carajas Regional	ARM	100	9,724	850.288/2014	Granted to 2018
Trindade Iron Project	Trindade North	AVB	100	289.62	850.283/1999	Final Report Approved
	Trindade North	AVB	100	4,678.5	301.107/2016	#
Touro Nickel Project	Trindade South	AVB	#	9,797	850.781/2013	#
	Trindade South	AVB	100	9,797	850.569/2011	Granted to 2018

AVB = AVB Mineração. ARM = Avanco Resources Mineração. VDM = Vale Dourado Mineração. EST = Estrela do Brasil Mineração.

\*\* Expected to be, or awaiting or in the process of being transferred into respective subsidiary

\*\*\* Subject to pending legal process

\*\*\*\* Subject to conditions of the acquisition agreement

^ Application for an extension of term, awaiting decision

# New application (or Bid) for exploration permit (size of tenement may be reduced/reshaped, if approved and before approval)

**SUMMARY OF DEVELOPMENT, EXPLORATION AND EVALUATION EXPENDITURE  
INCURRED PER PROJECT**

<b>Project</b>	<b>Current Quarter Payments (\$'000)</b>
Antas	550
Pedra Branca	725
CentroGold	346
Regional Exploration	-
<b>Total</b>	<b>1,621</b>





## About Avanco

Avanco is a progressive Australian ASX-quoted copper mining company in the world class mineral province of Carajás in Brazil. Antas, the Company's first mine celebrated its first production year anniversary In July 2017. Antas demonstrates the Company's ability create value at every stage, from exploration discovery through to commercial production. In the near-term we have clear plans to add to our operating Antas Mine through exploration, and to develop the Pedra Branca Project to achieve the Company mission to be a mid-tier copper producer. The Company is also advancing the CentroGold Project, exploring a large portfolio of tenements whilst seeking M&A opportunities for further growth potential. The company has a strong cash position and is debt-free.



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