ASX Release

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3 August 2017

Pedra Branca East Exploration Update:
Drilling Along Strike Intersects Orebody

ASX: AVB ('AVANCO' OR 'THE COMPANY') is pleased to report that further to announcements on the commencement of a resource extension drilling program at the Company's Pedra Branca Project[1], the first hole has been completed at Pedra Branca East[2] and has confirmed that the orebody remains open along strike and returned attractive grades. APBD-17-64 is the first of a number of holes designed to test the strike extension of the Pedra Branca East orebody and has intersected the orebody approximately 70 metres along strike of the previous hole APBD-15-39[3]. The extension of resources along strike has the potential to increase and expand Pedra Branca East thereby further improving the project economics and mine-life.

Highlights

- Pedra Branca East orebody confirmed to be open along strike.
- Potential to improve project economics and extend mine-life to be included in the definitive feasibility study already in progress.
- First new drill hole, APBD-17-64, contains an approximate 24-metre wide (downhole width) mineralised zone comprised of variably mineralised with disseminated chalcopyrite (copper mineralisation), and includes a high-grade zone of semi-massive and breccia style mineralisation, a characteristic feature of the Pedra Branca East orebody.
- Drilling and assay results include **18.90 metres @ 2.39% copper, 0.62 g/t gold from 454.70 metres, including 4.60 metres @ 7.43% copper, 1.53 g/t gold from 469.00 metres.**
- Further drilling along strike to the east and down the plunge of the orebody in progress to better define the orebody extension size, followed by infill drilling targeting conversion of inferred resources to a higher JORC confidence.

Director of Exploration, Simon Mottram commented: "*I have long been confident that the Pedra Branca East orebody continues along strike and therefore I'm delighted that the first drill hole, as part of a total 5,000 metre drilling program at the project supports this. The results from this hole confirm both the continuation of mineralisation along strike and the characteristic high-grade zone, that is a significant feature of Pedra Branca East orebody. As further drill holes are completed, and additional mineralisation is interpreted, I believe the opportunity to expand resources is highly likely. This bodes well for the for the project economics as the definitive feasibility study progresses.*

Meanwhile, a second drill rig has arrived onsite and will be dedicated to metallurgical and geotechnical drilling and sampling, ensuring that the definitive feasibility remains on track.

Technical work will include an independent review of the major capital costs, operating costs, and methodology, with a view to optimising the project economics and potentially reducing the ramp-up time outlined in the pre-feasibility study."

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Figure 1: APBD-17-64. High-Grade Zone Shown From 469.71 – 473.43 Metres

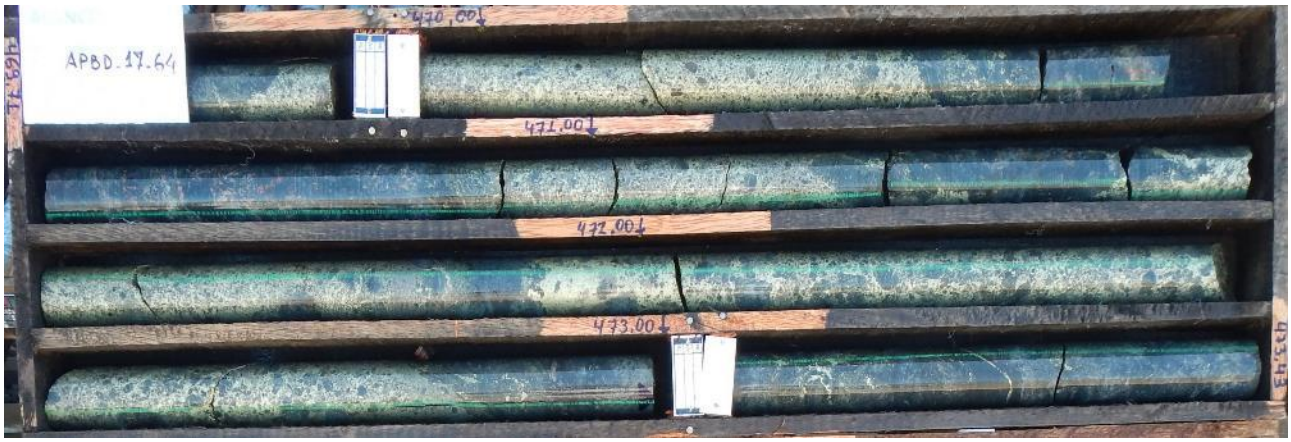
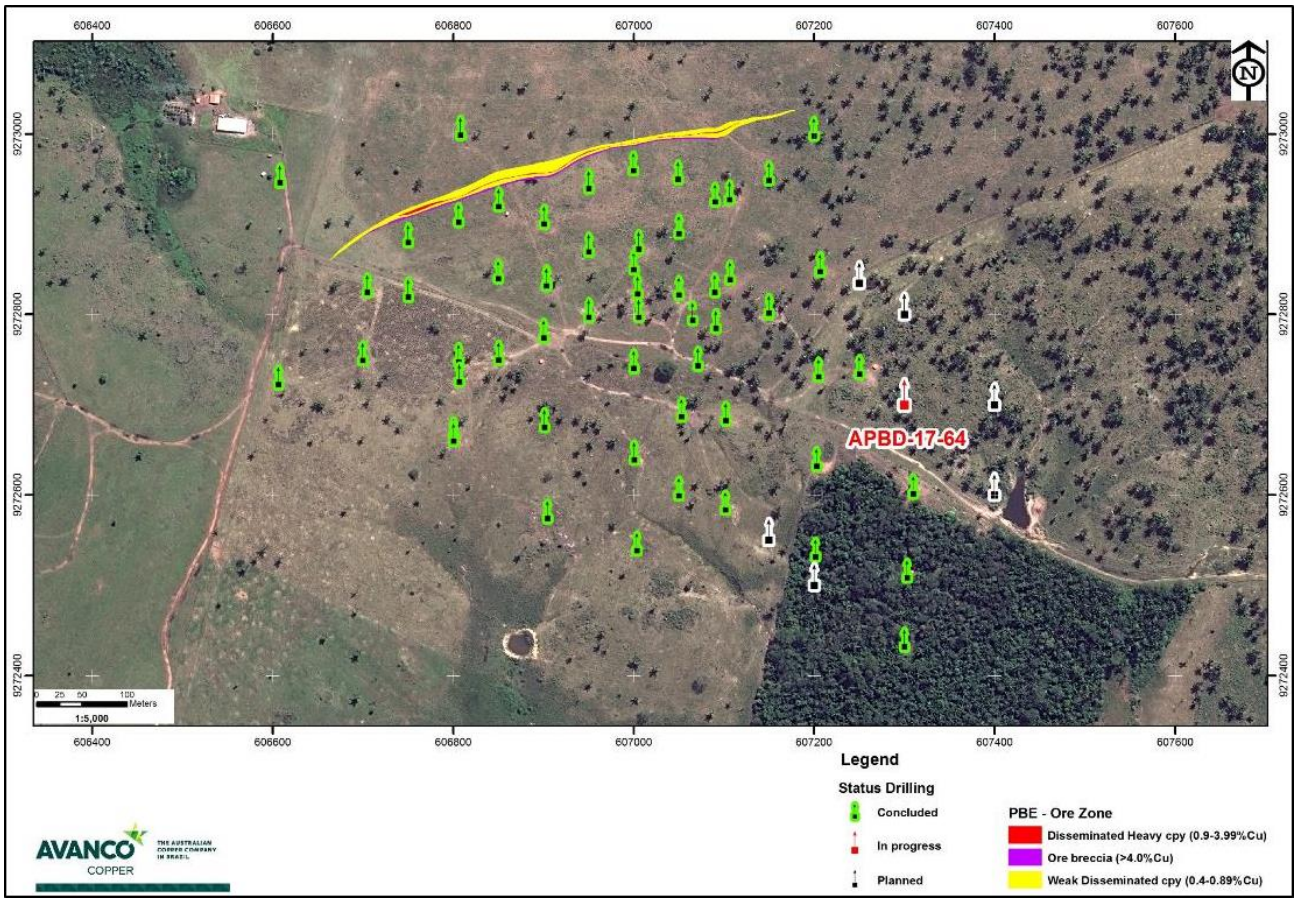


Figure 2: Surface Plan Showing Location of APBD-17-64



PEDRA BRANCA - RESERVE DEFINITION AND EXPANSION DRILLING

At Pedra Branca East the potential for exploitation has been evaluated in a recent pre-feasibility study[3] with a positive outcome.

One drill rig is focused on resource growth and resource upgrade drilling. Results from this drill program will provide key inputs for the definitive feasibility study. The second drill rig will be dedicated to definitive feasibility study works, metallurgical and geotechnical drilling and sampling.

Technical work will also include a complete review of major capital and operating costs and methods, with the objective of assessing opportunities that could reduce capital and operating expenditures, and potentially the ramp-up timeline outlined in the pre-feasibility study.

PEDRA BRANCA WEST PROGRAM

Following the completion of drilling at Pedra Branca East, a program of deeper drilling will be carried out at Pedra Branca West, testing better grades at depth, and the underground potential.

The objective at Pedra Branca West is to drill sufficiently to facilitate a scoping study, which ultimately could lead to its integration into a greater overall Pedra Branca production schedule.

TONY POLGLASE
MANAGING DIRECTOR

[1] See ASX announcement “Pedra Branca Exploration Update: Resource Extension and Reserve Definition Commenced”, 10 July 2017.
[2] Pedra Branca comprises of Iron Oxide Copper Gold (IOCG) style mineralization, typical of that found in the Carajás Province of Brazil, and well documented in respected geological texts.
[3] 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)

Competent Persons Statement

The information in this report that relates to Exploration Results 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.

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Pedra Branca East 2017 Drilling Results

Hole ID	UTM-E	UTM-N	RL (m)	Dip	Az	Depth (m)	Status	From (m) Downhole Depth	To (m) Downhole Depth	Width (m) Downhole Depth	Cu (%)	Au (g/t)
APBD-17-64	607300	9272700	234.25	-60	000	521.75	Completed	**454.70**	**473.60**	**18.90**	**2.39**	**0.62**
Including								**469.00**	**473.60**	**4.60**	**7.43**	**1.53**

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
Sampling techniques	• *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.*	• Diamond drilling core is cut in half onsite 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.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• The drill hole collar locations are surveyed by a Global Positioning System (GPS) instrument, and surveyed accurately (centimetre precision) after completion. Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Logging and sampling is carried out according to Avanco protocols and QAQC procedures as per industry standard, and overseen by Avanco's Geological Managers and the Competent Person (CP).
	• *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.*	• Diamond core is HQ and NQ in size, sampled on mineralised intervals or regular 1.0 m intervals in wide mineralised zones. Core is cut in half to produce sample weights of 3–5kg. Samples are crushed, dried and pulverised (total prep) to produce a sub-sample for analysis. Using a four-acid digest, drill core samples are analysed for Cu, Ni (ICP) and Au (Fire Assay, 50g). Mineralised zones and samples with >2,000 ppm Cu are further analysed for "Ore Grade" Cu by Atomic Absorption Spectrometry (AAS). Additional elements may be assayed based on geological observations.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core*	• Diamond drilling is a combination of HQ and NQ. Core is reconstructed into continuous runs on an angle iron cradle orientation device.

Criteria	JORC Code explanation	Commentary
	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).	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Diamond core recoveries are logged and recorded in the database. Overall recoveries are consistently >95% in oxide and >99% in fresh rock. Drill sample recoveries are recorded as an average for each metre and recorded in the database. Recoveries are excellent and there are no known sample recovery problems, with the exception of the soil profile.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Diamond core is reconstructed into continuous runs on an angle iron cradle for recovery measurement and core orientation. Depths are checked against those marked on the core blocks, and against the drilling company's records.
	• *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.*	• There is no known sample bias or potential for sample bias.
Logging	• *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.*	• Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Logging and sampling is carried out according to Avanco protocols and procedures as per industry standard, and overseen by the Company's Geological Managers. The Company believes that the level of detail and quality of the work is appropriate to support current and future studies.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Core is photographed both wet and dry.
	• *The total length and percentage of the relevant intersections logged.*	• All drill holes are logged in full from start to finish of the hole.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Where sampled, core is cut in half onsite 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.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Drilling to date has been by diamond core.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample preparation is according to industry standard, including oven drying, coarse crush, and pulverisation to 85% passing 100µm or better.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Avanco uses an industry standard QAQC programme involving Certified Reference Materials “standards” for Cu (with Cu grades ranging from low to very high), and blank samples, which are introduced in the assay batches at an approximate rate of one control sample per 20 normal samples. These QAQC results are reported along with the sample values in the preliminary and final analysis reports. Umpire checking of the Primary laboratory is then carried out by a Secondary laboratory. Both are internationally accredited independent assay laboratories.
	• *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.*	• Duplicates are inserted at an approximate rate of 1 duplicate per 40 normal samples. Umpire checking of the Primary laboratory is then carried out at by a Secondary laboratory, at an approximate rate of 1 control sample per 20 normal samples, or a minimum of 3 umpire samples per hole.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are considered to be appropriate and correctly represent the style and type of mineralisation.
Quality of assay data and	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Assaying uses 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

Criteria	JORC Code explanation	Commentary
laboratory tests		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.
	• *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.*	• It is the Company's policy not to use in-house tools to determine reportable results for anything other than regional soil sampling. Portable XRF's are used internally by Company geologists to assist in geological and mineralogical interpretation.
	• *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.*	• Avanco uses an industry standard QAQC programme involving Certified Reference Cu Materials "standards" (with Cu grades ranging from low to very high), blank samples, duplicates and Umpire Laboratory check sampling. Data is analysed and reported internally on a monthly basis for accuracy, precision, repeatability and various biases.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Avanco's Exploration Manager and/or senior geologists visually verify significant intersections and results.
	• *The use of twinned holes.*	• The Company uses twin holes routinely in the more advanced stages of resource definition drilling, and for metallurgical drilling.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Primary data is collected on Excel templates with detailed geological and structural logging recorded on paper. Information is transferred, validated, complied, and managed by the Company's in-house database manager in a relational database. All Company Intellectual Property is stored on a central server, kept in a secure and environmentally controlled room. Automated tape back-up occurs on a nightly basis and duplicate back-ups are regularly rotated "off-site" as a secondary precaution in case of loss of the Server site.
	• *Discuss any adjustment to assay data.*	• No adjustments or calibrations are made to assay data.

Criteria	JORC Code explanation	Commentary
Location of data points	• *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.*	• Collar locations are surveyed by GPS on the State Survey Datum using true Mean Sea Level RL's, and surveyed accurately (centimetre precision) after completion Downhole surveys are completed using a Maxibor digital down-hole tool with readings taken every 3 m.
	• *Specification of the grid system used.*	• Universal Transverse Mercator, SAD69 Zone 22 South.
	• *Quality and adequacy of topographic control.*	• Regional Topographic control (1 m contours) and Digital Terrain Models are used. The whole Pedra Branca area has been accurately surveyed on ground, survey points are nominally 30m apart, and more detailed in areas with greater relief.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The current drill programme is nominally on a 50 m by 50 m spacing for infill drilling, and up to 100 m by 100 m where exploring outside the known orebody.
	• *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.*	• No Mineral Resources are reported herein.
	• *Whether sample compositing has been applied.*	• Sample compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Drilling has been orientated to be as close to perpendicular as practicable to the known geology in the Pedra Branca deposit.
	• *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.*	• The company does not believe that any sample bias has been introduced.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Avanco. All core samples are received intact and in their entirety in their core trays at the Company's secure Core Yard in Parauapebas, Para, Brazil. All sampling and work on the samples is carried out within the confines of this secure facility.

Criteria	JORC Code explanation	Commentary
		Samples are delivered by Avanco personnel directly to the laboratory in Parauapebas and thus at no point do the samples leave the possession of Avanco staff prior to arriving at the laboratory. Avanco has protocols and procedures for tracking the progress of the samples through the laboratory, ensuring accurate validation and authentication of results issued by the laboratory in relation to the samples that were submitted.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• CSA Global Pty Ltd (CSA Global) has previously competed a full onsite (in Brazil) review of all Company drilling, sampling, data and exploration management procedures from start to finish, including a visit to the independent laboratory facilities, as part of their own due diligence in 2012, prior to commencing Mineral Resource estimation work for Avanco on the Company's projects in Brazil. Avanco received a very favourable review, with no area needing any significant change or improvement, or any concern with the quality and integrity of data received by CSA Global from Avanco.

TABLE 1 – Section 2: Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	• AVB MINERAÇÃO Ltda, a wholly owned Brazilian subsidiary of Avanco Resources Ltd owns the rights to 100% of 100% of the tenements in the current drill programme. Existing third party Royalties amount to a 3% NSR on Cu and 26% NSR on Au. State royalties amount to a 2% NSR on Cu and 2% NSR on Au.

Criteria	JORC Code explanation	Commentary
	• *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.*	• All tenements are granted exploration licenses
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• AVB's CP has determined that the quality and integrity of historical work is adequate for inclusion, consideration and interpretation in the current work programme.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Iron Oxide Copper Gold (IOCG) breccia pipe, hosted predominantly by mafic metavolcanic and granitic rocks.
Drill hole Information	• *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:* *a. easting and northing of the drill hole collar* *b. elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *c. dip and azimuth of the hole* *d. down hole length and interception depth* *e. hole length.*	• The tables of drilling information contained in this report include the Information relating to Points "A" though to "E" inclusive.
	• *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.*	• The information has not been excluded.
Data aggregation methods	• *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.*	• Where results are reported, averaging of mineralised intervals are calculated by the following parameters 1. Weighted averaging of grade/thickness 2. A minimum Cut-off grade of 0.1% Cu 3. A maximum of 3 continuous metres of internal dilution (<0.1% Cu) 4. Top-Cuts of 20% Cu, 10g/t Au

Criteria	JORC Code explanation	Commentary
	• *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.*	• Where results are reported and intercepts incorporate lengths of "high grade" (in the context of surrounding results), these "high grade" results are detailed transparently and separately in any reported results, both in the text of the report and in any attached tables.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal Equivalents have not been used in this report.
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*	• Geology and mineralisation in proximity to Pedra Branca is relatively well understood. Drilling is angled at achieving the most representative perpendicular intersections.
	• *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').*	• Downhole lengths have been used and this is clearly indicated in the text and tables.
Diagrams	• *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.*	• An appropriate location plan has been included, which also shows the location of drilling with respect to all drilling at Pedra Branca East.
Balanced reporting	• *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.*	• Exploration results for the drilling reported within this report have been reported comprehensively.
Other substantive exploration data	• *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*	• 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.

Criteria	JORC Code explanation	Commentary
	substances.	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Future work will consist of step out drilling based on results, and infill drilling for the purposes of improving the JORC classification of the Pedra Branca East Mineral Resource Estimate.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Figures included in this report show the location of drilling.