THE AUSTRALIAN COPPER COMPANY IN BRAZIL

AVANCO COPPER

2017 Interim Results

For the half-year ended 30 June 2017

28 August 2017

AVANCO COPPER

Highlights

Excellent safety performance with no reported lost-time injuries

Improving copper market outlook

First-half production exceeds upper-end of annualised guidance

Revenue, EBITDA and net profit increases

Maiden profit

Strong free cashflow generation facilitating renewed exploration focus

Cash position increased to $26.3 million

No debt

Robust Pedra Branca PFS announced

Exploration program early successes at Antas and Pedra Branca

Conference Call

A conference call discussing the results will be held today at 12:00 Australian Eastern and 10:00 Australian Western Time. The number is 1800 908 299 / +61 7 3145 4054 and passcode 808504.

ASX: AVB, Avanco Resources Limited ("Avanco" or "the Company") announces the 2017 interim financial results for the period ended 30 June 2017.

During the first-half of 2017 Avanco advanced on exploration, production and financial fronts, laying a solid foundation for the remainder of the year.

The Antas Mine achieved its first 6-months at full-scale commercial production, exceeding production targets on an annualised basis.

The Company recorded sales revenue of $46.1 million (1H 2016: $16.2 million). C1 cash costs saw improvements towards the end of the period, trending within guidance at an average $1.49/lb, and for the month of June at $1.36/lb. Underlying EBITDA was $10.9 million (1H2016: $4.2 million), and a maiden net profit of $1.1 million is recorded, equivalent EPS of 0.05 cents.

Strong cash flow generation from operations of $9.5 million over the period was recorded. After exploration capex and operational enhancements, $3.4million cash was generated, bolstering the cash position to $26.3 million. The company continues to be debt free.

The Company's exploration and development projects continued to advance across the portfolio, notably:

- At Antas, excellent pit-infill and expansion drilling results and identification of new near-mine prospects
- Release of Pedra Branca PFS demonstrating robust economics for an underground mining operation; advancing to full DFS, that will include mining and construction enhancements.
- At CentroGold the pace of development accelerated with considerable progress resolving the remaining surface rights issues and drilling and development plans, which should facilitate a step-up in ownership in the near-term.

Commenting on the results, Tony Polglase, Managing Director of Avanco said*: "It seems that each time that we report, we set new milestones for Avanco. During the first six months of the year we delivered on our production guidance. Copper prices improved, hitting three-year highs at the end of the first-half. This resulted in the Company delivering EBITDA of $10.9 million and a maiden profit of $1.1 million.*

Across our portfolio significant progress was made. A return to exploration had many early successes: at Antas, bolstering our confidence for a potential extension to the mine life; at Pedra Branca positive results suggesting orebody extension are being followed up, and will be integrated in to the DFS, which is being enhanced for more efficient construction and mining methods; and at CentroGold our excitement is growing, with solid progress being made and confidence that the project will soon take significant steps towards adding real value to the company.

The second half of 2017 is promising for Avanco shareholders with an improved outlook for copper and our portfolio of growth assets poised to add significant value."

All dollar amounts refer to United States Dollar unless otherwise stated.

Summary Financials

The following pages set out condensed financial accounts and commentary for the six months to 30 June 2017. The full interim report and accounts is available at http://avancoresources.com/investors/asx-announcements.

PROFIT AND LOSS ACCOUNT, CONSOLIDATED HALF-YEAR ENDED TO 30 JUNE 2017

	30 June 2017 $'000	30 June 2016 $'000
Sales revenue	46,117	16,250
Treatment, refining and transport charges	(6,884)	(2,860)
Net sales revenue	**39,233**	**13,390**
Production costs	(21,562)	(7,954)
Royalties	(3,259)	(1,111)
Change in stockpile	(228)	2,053
Depreciation, amortisation and depletion	(7,116)	(3,604)
Cost of sales	(32,165)	(10,616)
Gross profit	**7,068**	**2,774**
Expenses		
General and administration	(2,195)	(1,415)
Financial income	150	216
Financial expense	(2,140)	(1,387)
Net foreign exchange gain/(loss)	124	(189)
Impairment of exploration projects	-	(676)
Impairment of property, plant and equipment	(443)	-
Change in financial liability	2,094	(1,405)
Share-based payments	(236)	(465)
Other expenses	(1,212)	(172)
Total expenses	(3,858)	(5,493)
Profit/ (loss) before income tax	**3,210**	**(2,719)**
Income tax expense	(2,090)	-
Profit/(loss) for the half-year	**1,120**	**(2,719)**
Total comprehensive profit/ (loss) for the half-year	1,120	(2,719)
Profit/(loss) per share attributable to shareholders (cents)	0.05	(0.11)

The profit after tax for the half-year ended 30 June 2017 was US$1.12 million (half-year ended 30 June 2016 loss after tax of $2.7 million. The current period result includes an underlying EBITDA* of $10.9 million.

EBITDA

$'000	1H 2016	2H 2016	FY 2016	1H 2017
Sales revenue	16,250	43,033	59,283	46,117
Treatment, refining and transport charges	(2,860)	(6,816)	(9,676)	(6,884)
Net sales revenue	13,390	36,217	49,607	39,233
Production costs and changes to stockpile inventories	(6,259)	(18,125)	(24,384)	(21,790)
Royalties	(1,111)	(3,197)	(4,308)	(3,259)
Gross profit, before depreciation and amortisation	6,020	14,895	20,915	14,184
General, administration and other expenses	(1,587)	(2,671)	(4,258)	(3,407)
Net foreign exchange gain/(loss)	(189)	205	16	124
Underlying EBITDA	4,244	12,429	16,673	10,901

The underlying EBITDA reconciles to the profit before and after tax as follows:

	1H 2016	2H 2016	FY 2016	1H 2017
Underlying EBITDA	4,244	12,429	16,673	10,901
Financial income	216	179	395	150
Financial expense	(17)	(25)	(42)	(11)
Depreciation, amortisation and depletion	(3,246)	(8,171)	(11,417)	(7,116)
Accretion of rehabilitation and royalty liabilities	(1,370)	(2,175)	(3,545)	(2,129)
Impairment of exploration projects and PP&E	(676)	(357)	(1,033)	(443)
Change in financial liability	(1,405)	3,205	1,800	2,094
Share-based payments	(465)	(1,321)	(1,786)	(236)
Profit/(loss) before tax	(2,719)	3,764	1,045	3,210
Tax	-	(3,707)	(3,707)	(2,090)
Net Profit	(2,719)	57	(2,662)	1,120
Profit/(loss) per share (basic) (cents)	(0.11)	0	(0.11)	0.05

** Underlying earnings before interest, taxes, depreciation and amortization (EBITDA) is an unaudited non-IFRS measure and is a common measure used to assess profitability before the impact of different financing methods, income taxes, depreciation and depletion of tangible assets and amortization of intangible assets.*

The Company recorded a maiden net profit for the half-year ended 30 June 2017 of $1.1 million, or 0.05 cents per share, in comparison to a net loss for the half-year ended 30 June 2016 of $2.7 million or 0.11 cents per share.

Antas recorded a gross profit for the period of $7.1 million (30 June 2016: $2.8 million). A total of 14,855,000 pounds of copper (7,095 tonnes) and 5,113 ounces of gold payable and net of finalisations were sold during the half-year, which together with the revaluation of provisional sales and other sales resulted in total sales revenue of $46.1 million.

Finalised sales generated net additional revenues of $410,000, this was offset by revaluation of unfinalised sales of $1.7 million. Treatment, refining and transport charges associated with the sale of concentrate totalled $6.9 million.

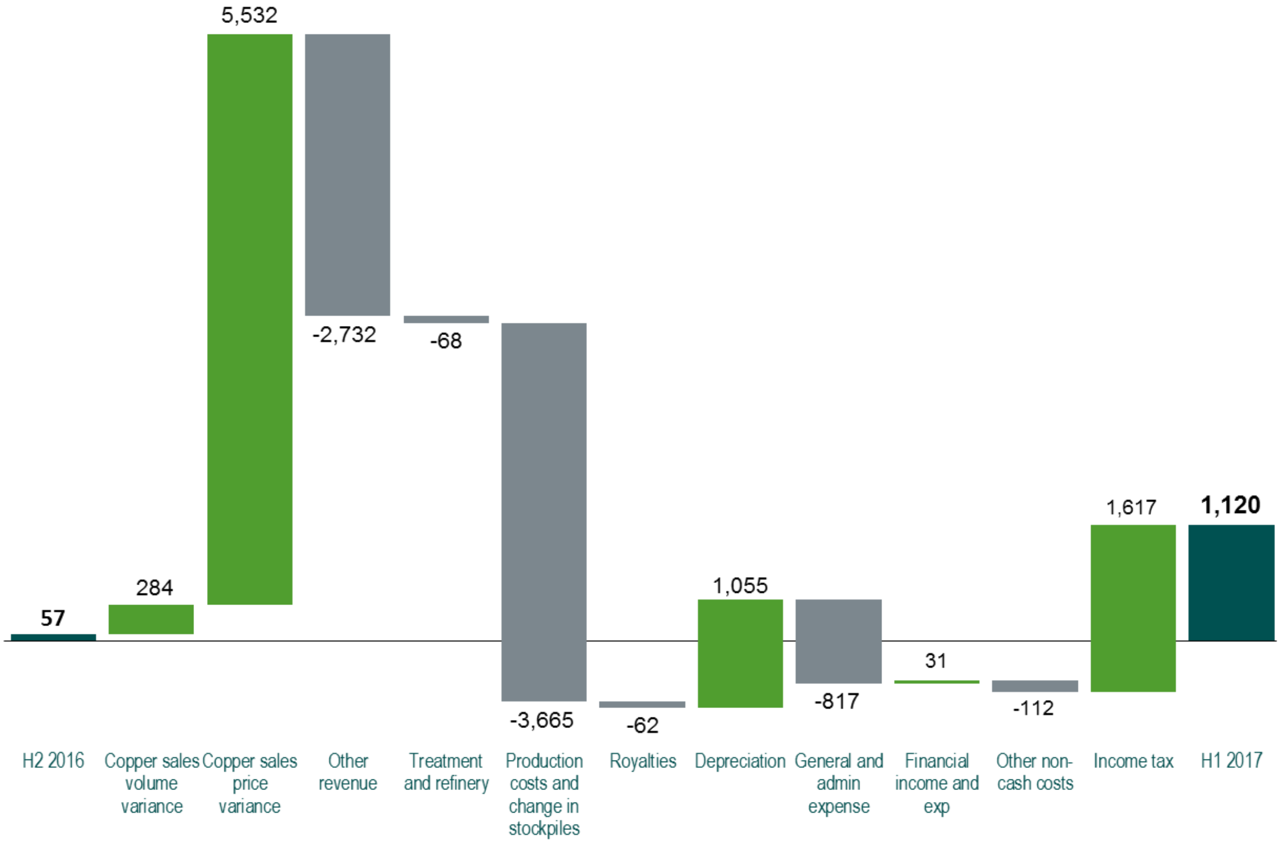
Cost of sales for the period of $32.2 million comprised production costs, royalties and movement in stockpiles and depreciation charge. The higher cost of sales during the period is mainly due to operational costs reflective of the Company's ramp-up to full production.

The Company believes that to give an acceptable level of certainty to the cash flow and profitability of the business there are times when it is appropriate to enter into hedging arrangements that remove or reduce risk to future adverse movements in those markets to which it is exposed. Within this framework there is the ability to move committed tonnes of copper metal into months of higher prices and receive the contango on moving those tonnes. Additionally, tonnes of copper metal already shipped can be priced early rather than be exposed to the quotational period, at the Company's discretion. Pricing and committed tonnes of copper are revised monthly, with the Company yet to close on any commitment due to the rising copper price.

As at the 30 June 2017 the company had committed a total 2,450 tonnes of copper at an average price of $2.62 per pound ($5,783 per tonne).

The Company's net profit of $1.1million for the period was driven by an improved gross profit because of higher copper prices, whilst maintaining a fixed cost base for operations, offset by general and administrative expenses, financial expenses, income tax and other expenses.

NET PROFIT RECONCILIATION, 2H 2016 COMPARED TO 1H 2017 ($000's)



Financial expenses included accretion of the effective interest rate of the BlackRock royalty of $1.5 million and accretion of rehabilitation cost of $0.6 million. Other expenses of $1.2 million primarily comprised of exploration expenditure incurred on projects not pursued, business development opportunities and indirect taxes.

During the first-half of 2017, the BlackRock royalty expense was approximately $2 million.

BLACKROCK ROYALTY AS AT 30 JUNE 2017

	$'000	
Opening balance 31 December 2016	14,043	
Change in financial liability	(2,094)	*Carrying value revised to reflect changes in the forecast commodity prices and production at the royalty's original effective interest rate.*
Royalty expense	2,007	*Included in the cost of sales*
Royalty payments made	(1,927)	*Payments made during the first-half of 2017*
Accretion	1,549	*Non-cash unwinding of the effective royalty interest rate (21% pa)*
Closing balance 30 June 2017	**13,578**	

CONSOLIDATED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	30 June 2017 $'000	31 December 2016 $'000
Assets		
Current Assets		
Cash and cash equivalents	26,288	22,866
Trade and other receivables	6,318	7,786
Inventories	9,469	9,032
Total Current Assets	**42,075**	**39,684**
Non-Current Assets		
Trade and other receivables	3,340	2,201
Deferred exploration and evaluation expenditure	24,373	21,203
Property, plant and equipment	54,409	61,060
Deferred taxation	731	-
Total Non-Current Assets	**82,853**	**84,464**
Total Assets	**124,928**	**124,148**
Liabilities		
Current Liabilities		
Trade and other payables	9,618	10,382
Current tax liability	3,070	2,620
Financial liability	4,138	4,861
Total Current Liabilities	**16,826**	**17,863**
Non-current Liabilities		
Trade and other payables	1,101	943
Financial liabilities	9,440	9,182
Provisions	7,766	7,186
Deferred taxation	-	535
Total Non-Current Liabilities	**18,307**	**17,846**
Total Liabilities	**35,133**	**35,709**
Net Assets	**89,795**	**88,439**
Equity		
Issued capital	132,282	132,282
Reserves	(29,007)	(29,243)
Accumulated losses	(13,480)	(14,600)
Total Equity	**89,795**	**88,439**

Total assets decreased by $0.8 million to $124.9 million from 31 December 2016, driven by property, plant and equipment of $6.7 million, due to depreciation of assets and impairment of no longer usable equipment, together with a decrease in current trade and other receivables due to the utilisation of federal tax credits to offset tax liabilities. The decrease in assets was offset by a net increase in cash and cash equivalents of $3.4 million due to net cashflows from operations, an increase in deferred exploration and evaluation assets connected with the Pedra Branca and Centro Gold projects; an increase in non-current trade and other receivables of $1.1 million on recoverable federal taxes incurred in the operation, and a build-up of inventories of $0.4 million associated with the Company's ramp-up to full production.

Total liabilities were $35.1 million, a decrease of $0.6 million from 31 December 2016. The reduction in total liabilities was driven by a decrease in trade and other payables of $0.6 million and financial liability $0.5 million. This was offset by an increase in provision for rehabilitation of $0.6 million and a current tax liability $0.5 million.

Change in financial liabilities mainly represent the revised forecast commodity prices and production at the royalty's original effective interest rate of 21%.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2017

	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities		
Cash received from customers	42,866	14,191
Payments to suppliers and employees	(33,526)	(11,887)
Financial income received	150	216
Net cash flows from operating activities	**9,490**	**2,520**
Cash flows from investing activities		
Payments for deferred exploration and evaluation expenditure	(3,191)	(1,082)
Payments for property, plant and equipment	(887)	(15,544)
Net cash used in investing activities	(4,078)	(16,626)
Cash flows from financing activities		
Proceeds from royalty agreement	-	4,000
Repayment of royalty agreement	(1,927)	-
Net cash (provided by)/utilised in financing activities	(1,927)	4,000
Net increase/(decrease) in cash and cash equivalents	3,485	(10,106)
Cash and cash equivalents at beginning of period	22,866	31,700
Exchange on cash and cash equivalents	(63)	(552)
Cash and cash equivalents at the end of the period	**26,288**	**21,042**

During the half-year ended 30 June 2017, cash and cash equivalents increased by $3.4 million.

Cash inflows from operating activities for the period were $9.5 million. Cash receipts of $42.9 million reflect the sale of copper in concentrate and associated by-products. This was offset by cash outflows of $33.5 million driven by operational costs resulting from the Company's ramp-up to full production.

Net cash outflows from investing activities for the period were $4.1 million, reflecting sustaining and growth capital on the plant and mine, as well as development cost associated with the Pedra Branca and CentroGold projects.

The net cash used in financing activities of $1.9 million reflects the quarterly BlackRock royalty repayments.

As at 30th June 2017, the Company's cash position had increased to $26.3 million from $21.0 million at the end of June 2016. The Company remains debt free.

Operations

SAFETY

As at the end of June 2017 Antas achieved 2,137,817 man-hours without a lost time accident and the Lost Time Injury Frequency Rate (LTIFR) remains at zero.

PRODUCTION

During the first half of 2017 production rates improved at 7,095 tonnes of copper and 5,744 ounces of gold in 25,288 tonnes of concentrate. Consequently, now, management is confident that it will achieve its full year production targets of 13,500-14,000 tonnes of copper and 9,750-10,500 ounces of gold.

Figure 1: Production Metrics

		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.*

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

The company reported production results for the first half of 2017 in the second quarter 2017 quarterly activities report on 26 July 2017, which can be viewed at www.avancoresources.com/investors/asx-announcements.

CORPORATE

The Company moved towards greater board independence during the period 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 and until the search is complete Mr Vern Tidy, currently an independent Non-Executive Director will be Interim Independent Non-Executive Chairman.

TONY POLGLASE
MANAGING DIRECTOR

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.

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 to 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 the development of the Pedra Branca Project to achieve the Company's 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.

THE AUSTRALIAN COPPER COMPANY IN BRAZIL

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CONTACT

Nicholas Bias
Head of Corporate Affairs
nbias@avancoresources.com
+61 (0)497 888 227
+44 (0)7771 450 679

DIRECTORS

Colin Jones
Vern Tidy
Luiz Ferraz
Paul Chapman
Tony Polglase
Simon Mottram
Luis Azevedo

EXECUTIVES

Tony Polglase
Luis Azevedo
Simon Mottram
Wayne Phillips
Scott Funston
Otávio Monteiro
Nicholas Bias

Follow @GoAvanco on Twitter

Suite 3, 257 York Street, Subiaco WA 6008 Australia
PO Box 1726, West Perth WA 6872 Australia
AVANCORESOURCES.COM

T +61 8 9324 1865
F. +61 8 9200 1850
info@avancoresources.com