

THE AUSTRALIAN COPPER COMPANY IN BRAZIL



# ◦ Fourth Quarter 2017 Activities Report

25 January 2018





## Highlights

Continuing excellent safety performance with no reported lost-time injuries for the quarter and full year.

Fourth quarter production of copper in concentrate of 3,309 tonnes resulted in year-end production of 14,101 tonnes, exceeding the upper end of guidance.

Fourth quarter sales of 3,339 tonnes copper and 2,254 ounces gold in concentrate, generating provisional sales revenue (excluding costs) of \$26.16m, 2% ahead of the previous quarter.

**ASX: AVB, Avanco Resources Limited (“Avanco” or “the Company”) is pleased to present its Fourth Quarter 2017 Activities Report for the period ending 31 December 2017.**

During the quarter, production volumes at the **Antas Mine** ended the first full year of commercial production exceeding the upper-end of guidance at 14,101 tonnes of copper and 11,366 ounces of gold.

The **Pedra Branca Project** feasibility study continued to advance well. Following successful drilling on the eastern extension of Pedra Branca East, a Mineral Resource Estimate (MRE) is now in progress. Pedra Branca West is believed to have the potential to produce sufficient resources to define a later upgrade to the proposed PBE mine outlined in the recent PFS.

Resources at the **Centro Gold Project** increased 45% during the quarter with the addition of a maiden resource at Chega Tudo, to be incorporated into the Scoping Study due for completion Q1 2018. Base-line studies to inform an independent report supporting the lifting of the licensing injunction was completed with a decision anticipated as early as the end of June 2018.

Subsequent to the period under review, the Company announced an option to acquire 100% of the **Pantera Project** from Vale. Pantera is located near to Avanco’s existing operations in the world class Carajás Mineral Province and has the potential to significantly add resources and extend the Company’s production capacity profile.

### Antas Production & Financial Results

		Q4 2017	Q3 2017	YTD	Quarterly Variance
Copper in concentrate produced	t	3,309	3,698	50,827	-10.5%
Gold in concentrate produced	oz	2,479	3,142	11,366	-21.1%
Copper in concentrate sold (net of finalisations)	t	3,339	3,433	13,959	-2.7%
Gold in concentrate sold (net of finalisations)	oz	2,254	2,699	10,065	-16.5%
C1 cash cost	\$/lb	2.05	1.57	1.64	+30.6%
AISCC	\$/lb	2.24	1.78	1.94	+25.8%
Cash at bank	\$m	24.3	28.5	24.3	-14.7%

### CORPORATE

Cash flows from operations were \$2.1 million for the quarter. Receivables from shipments in December took longer than expected, resulting in approximately \$5.6 million being received post 31<sup>st</sup> December. Annual free cash flows from operations were \$16.8 million. Cash balances at quarter end totalled \$24.3 million, after capital expenditures of \$3.9 million on capital for operations, projects and exploration and \$2.0 million for the accelerated acquisition of CentroGold.

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

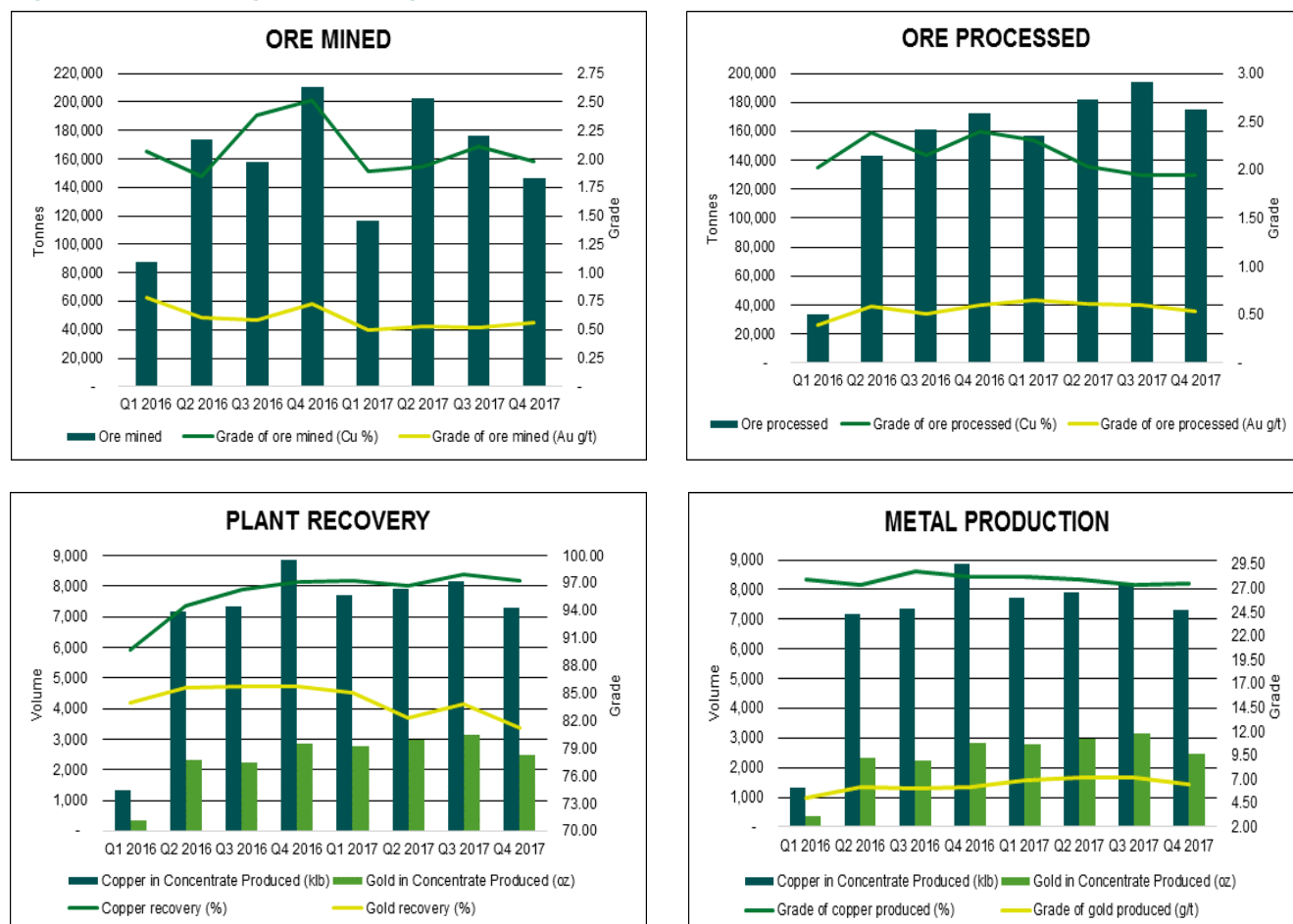
# Antas Mine (100%)

Antas is Avanco's operating high-grade open pit copper-gold mine. It was discovered by the Avanco team in 2011, developed under budget in under 12-months, and after entering commercial production in July 2016 is already operating above its original design capacity. Antas is 100% owned by Avanco.

## SAFETY

Antas reported an excellent safety performance with no reported lost time injuries. To date, a total 2.72 million man hours have been achieved without a lost time incident.

**Figure 2: Antas Mining & Processing Statistics**



## MINING

During the Fourth Quarter production was set against a backdrop of grade and access difficulties.

Whilst improvements have been made in the pit, the legacy of drilling delays reported previously continue to affect access to the centre of the pit where grade and confidence of the orebody is higher. Subsequently, Fourth Quarter production was under pressure coming predominantly from the extremities of the orebody which are characterised with lower reserve confidence and subsequently hosted less metal than expected.

To alleviate pressure on the open-pit and with upper-end of metal production guidance exceeded, management took the decision to reduce milling operations in late December. The focus of operations became waste mining and replenishing ROM stocks ahead of the rains, thus allowing the mine to consolidate its mining activities prior to the completion of the pending new mine reserves model.

With a third blast drill rig complementing the MACA fleet, the focus during the end of the Fourth Quarter 2017 and early First Quarter 2018 is to accelerate waste development to re-open access to the centre of the pit,



below the original Stage 1 pit, where the centre of the main Antas copper sulphide pipe is situated. In the interim, reliance on lower grade material will likely continue.

Full year production and cost guidance for 2018 will be provided following the completion of the new and optimised mine reserves, expected during March 2018.

**Figure 3: Antas Production Results**

		Units	Q4 2017	Q3 2017	Variance	YTD 2017
<b>Mining</b>	Total Material Mined	t	1,647,058	1,817,512	-9.4%	7,027,085
	Ore Mined	t	146,791	175,973	-16.6%	642,366
	Copper Grade	%	1.98	2.11	-6.2%	1.98
	Gold Grade	g/t	0.56	0.52	+7.7%	0.52
<b>Processing</b>	Tonnes Processed	t	174,878	194,210	-10.0%	708,113
	Copper Grade	%	1.95	1.94	+0.5%	2.05
	Gold Grade	g/t	0.54	0.60	-10.0%	0.60
	Copper Recovery	%	97	98	-1.0%	97
	Gold Recovery	%	81	84	-3.6%	83
<b>Production</b>	Concentrate	DMT	12,040	13,499	-10.8%	50,827
	Contained Copper	t	3,309	3,698	-10.5%	14,101
	Contained Gold	oz	2,479	3,142	-21.1%	11,366
	Concentrate Copper Grade	%	27.48	27.39	0.3%	27.75
	Concentrate Gold Grade	g/t	6.40	7.24	+11.6%	6.96

**Figure 4: Antas Stage 2 Pit**



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

	Actual Mined	Ore Reserve	Variance (%)
Copper Metal Tonnes	24,960	28,141	89 %
Gold Metal Ounces	22,227	22,743	98 %

## PROCESSING

The performance of the processing plant achieved design on almost all metrics during 2017. With annual production guidance exceeded the plant was voluntarily shut down in late December for maintenance. This allowed for ROM stocks to be replenished and mine development to be accelerated. During a planned 3 days stoppage in November the ball mill liners were replaced.

The cost of electricity increased significantly in the Second Half of 2017. This was due to unseasonably expensive energy tariffs as a result of low water levels in the hydroelectric generators reservoirs. Electric power accounts for 26% of the processing cost and since September 2016 electricity increased more than 80%. To mitigate the impact of high power costs the Company is currently migrating to a “free market” electricity provider anticipating savings of up to 25%.

Work advanced on expanding the tailings dam capacity by 40%. At the end of year, it was estimated that approximately 40% of the work had been completed and approximately R\$1.4 million of a total R\$4.3million budget had been spent. It is anticipated that the expanded tailings dam will be completed during the First Quarter of 2018.

## PRODUCTION

Copper and gold production in the fourth quarter was lower than the third quarter to maintain adherence with the year's production plan. This resulted in quarterly production decreasing approximately 10% in copper metal and gold 21%. The mine still achieved production above the upper end of the 13,500 – 14,000 tonne guidance range for 2017.

## OPERATING COSTS

Figure 6: Production Costs

	Units	Q4 2017	Q3 2017	Variance	FY 2017
<b>Payable Copper Production</b>	'000lbs	<b>7,043</b>	7,855	-10.3%	29,980
<b>Payable Copper Sold</b>	'000lbs	<b>7,597</b>	7,569	+0.4%	30,021
<b>Production Costs</b>	Mining Cost	\$/lb <b>1.13</b>	0.98	+15.3%	1.00
		R\$/lb <b>3.67</b>	3.10	+18.5%	3.19
	Processing Cost	\$/lb <b>0.51</b>	0.39	+30.8%	0.41
		R\$/lb <b>1.66</b>	1.22	+35.9%	1.31
	Administration Cost	\$/lb <b>0.17</b>	0.16	+6.3%	0.13
		R\$/lb <b>0.55</b>	0.50	+10.5%	0.41
	<b>Subtotal</b>	<b>\$/lb 1.81</b>	1.53	+18.3%	<b>1.54</b>
		<b>R\$/lb 5.88</b>	4.82	+22.0%	<b>4.91</b>
<b>Selling Costs</b>	Freight and Expediting	\$/lb <b>0.28</b>	0.26	+7.7%	0.27
	Gold Credits	\$/lb <b>(0.43)</b>	(0.44)	-2.3%	(0.43)
	Smelter Charges	\$/lb <b>0.19</b>	0.18	+5.6%	0.19
	<b>Subtotal</b>	<b>\$/lb 0.04</b>	-	+100%	0.03
<b>Cash Operating Costs</b>	<b>\$/lb</b>	<b>1.85</b>	1.53	+20.9%	<b>1.57</b>
<b>Movement Stockpiles</b>	<b>\$/lb</b>	<b>0.20</b>	0.04	+400.0%	0.07
<b>C1 Cash Costs*</b>	<b>\$/lb</b>	<b>2.05</b>	1.57	+30.6%	<b>1.64</b>
<b>All in Sustaining Cash Costs**</b>	<b>\$/lb</b>	<b>2.24</b>	1.78	+25.8%	<b>1.94</b>
<b>Average USD/BRL</b>	<b>USD:BRL</b>	<b>3.25</b>	3.16	+2.8%	3.19

\*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.

The Brazilian Real was mildly volatile against the US Dollar during the fourth quarter. This resulted in a positive effect on production and domestic freight costs. This was offset by unrecoverable indirect taxes, mill liner and planned plant shutdown and the impact of ore stockpiles written down at quarter end.

As announced in late December the C1 unit cash cost for the quarter increased, which resulted in a year-to-date update of the full year 2017 cost guidance. It should be noted however, that the underlying costs in Brazilian Real remained in-line with budget on a total material moved basis. All in sustaining unit cash costs for the quarter were higher due to lower payable copper sold, lower gold credits and expenditure attributable to tailings dam lifting.

The Company has in place a collar structure, whereby the BRL cannot be stronger than BRL\$3.15 to USD\$1.00 through April 2018 and BRL\$3.20 to USD\$1.00 for May and June 2018.

In late December 2017, the 2018 benchmark was set at \$82.25 for treatment costs and \$0.08225 for refining costs (2017: \$92.50 and \$0.0925). Avanco's current offtake contract stipulates a fixed dollar amount below the set benchmark that will result in a reduction of treatment and refining costs during 2018.

Other cost saving efforts being investigated include concentrate haulage, diesel and explosives suppliers.

**.Figure 7: Brazilian Real : US Dollar, December 2016 – December 2017**



Source: Bloomberg

## SALES

**Figure 8: Concentrate Sales**

	Units	Q4 2017	Q3 2017	Variance	YTD 2017
Copper in Concentrate Sold (net of finalisations)*	'000lb	7,361	7,569	-2.7%	29,785
Gold in Concentrate Sold (net of finalisations)**	oz	2,254	2,699	-16.5%	10,065
Provisional Sales (excluding costs)	\$'000	26,165	25,596	+2.2%	99,129
Finalised Sales (excluding cost)***	\$'000	747	(466)	+260.3%	621

\* Including 117,000lb of finalised copper sales adjustments during Q4 2017 (Q3 2017: 95,000lb). See reconciliation below.

\*\* Including 276oz of finalised gold sales adjustments during the fourth quarter 2017 (Q3 2017: 238oz). See reconciliation below.

\*\*\* Including \$986,000 gain on finalised copper sales, offset by \$239,000 loss on finalised gold sales. See reconciliation below.

The Company has sold forward 2,850 tonnes at an average of \$2.90/lb. The Company can reallocate tonnes to months with more favourable pricing.

**Figure 9: Copper price (US Dollar per tonne), December 2016 – December 2017**



Source: Bloomberg

Final concentrate assays for fifteen shipments were agreed and finalised with the customer during the quarter. Reconciliation of the copper and gold differences, that included assay, weight and pricing adjustments resulted in a net cash inflow of \$747,000 as detailed below.

**Figure 10: Finalised Concentrate Sales**

SALES		Units	Provisional	Final	Variance
Copper	Copper in Concentrate Sold	'000lb	8,633	8,515	(118)
	Copper Sales (excluding costs)	\$'000	22,595	23,581	<b>+986</b>
	Copper Price	\$/lb	2.62	2.77	+0.15
Gold	Gold in Concentrate Sold	oz	3,060	2,784	(276)
	Gold Sales (excluding costs)	\$'000	3,825	3,586	<b>(239)</b>
	Gold Price	\$/oz	1,250	1,288	+39
<b>Copper and Gold sales (excluding costs) net effect</b>		<b>\$'000</b>	<b>26,420</b>	<b>27,167</b>	<b>+747</b>



## EXPLORATION

During the quarter, drilling at Azevedo Prospect<sup>1</sup> successfully tested the interpreted plunging mineralisation, aided by EM (electromagnetic) surveying, following up on mineralisation defined in initial drilling.

Drilling shows very promising results in two of three new holes, intersecting mineralisation both up (AAND-127) and down dip/plunge (AAND-126). Results include<sup>2</sup>:

<b>AAND-126</b>	<b>17.95 m @ 1.94 % Cu 0.38 g/t Au, from 117.05m<sup>3</sup></b> <b>including: 2.15 m @ 8.92 % Cu 1.85 g/t Au from 127.30m<sup>3</sup></b>
<b>AAND-127</b>	<b>19.10 m @ 1.78 % Cu 0.30 g/t Au from 23.40m<sup>3</sup></b> <b>and: 4.50 m @ 1.47 % Cu 0.09 g/t Au from 46.50m<sup>3</sup></b>

These results<sup>2</sup> are highly encouraging and justify further drill testing. Each hole will now be surveyed by downhole EM, advancing knowledge to the next level before recommencing drilling.

**Figure 11: Mineralisation in AAND-126, High-Grade Zone Highlighted**



## Mine Reserves

The updated Antas mineral resource estimate is close to completion, with delivery feeding into the production of the new optimised mine reserves, to be completed in the current quarter. The exercise will include pit optimisation, and re-optimisation of the mine to identify the best cash-flow profitability scenario.



# Pedra Branca (100%)

Pedra Branca is Avanco's second Project and is 100% owned by Avanco. Pedra Branca is divided between the East and West Zone. The East Zone is the first zone being prepared for production, targeting 24,000 tonnes of copper and 16,000 ounces of gold annually. It is envisaged that this will be complemented with additional production from the Pedra Branca West Zone.

## FEASIBILITY STUDIES

Work towards completing the Definitive Feasibility Study for Pedra Branca East continued into the fourth quarter and remains on track for completion by the end of the Second Quarter of 2018. Independent consultants Mining Plus are compiling and completing the study with additional support from other consultants for process plant and all surface infrastructure engineering, surface hydrology and infrastructure geotechnical drilling, surface infrastructure and tailing dam designs and general project management and administrative support.

## FIELD WORK PROGRAM

Following successful drilling on the eastern extension of Pedra Branca East a Mineral Resource Estimate (MRE) is now in progress.

## PEDRA BRANCA WEST DRILL PROGRAM

Following the updated interpretation at Pedra Branca West (PBW) a short program of drilling was completed to test the most prospective parts. It is believed that area alone has the potential to produce sufficient resources to define a later upgrade to the proposed PBE mine outlined in the recent PFS. It is anticipated that an updated MRE will be completed during First Quarter 2018.

# CentroGold Project (100%)

The CentroGold Project is considered to be one of the largest undeveloped gold projects in Brazil. The Project fits well into Avanco's business model of developing low-risk-low-capex mines that capitalise on the Company's Brazilian and Aussie "know how". Avanco is focused on developing a high-grade low-risk operation. Avanco acquired a 100% interest in CentroGold in September 2017

## SCOPING STUDY

Activities at CentroGold accelerated during the quarter, with the focus on the final exploration work necessary for the Scoping Study and the studies required to facilitate the lifting of the mining licence injunction.

The CentroGold Scoping Study is targeted for completion in the first quarter 2018, and will evaluate the Blanket, Contact and Chega Tudo orebodies together, for which an expanded resource base was recently announced following the addition of Chega Tudo.

During the quarter the team at CentroGold was bolstered with the appointment of two new senior geologists in addition to a dedicated project manager.

The Company also continued to build stronger relations with the local community, sponsoring a Children's Day event with the Centro Novo Education Department, participating in the 23<sup>rd</sup> Anniversary of Centro Novo, in addition to sponsoring a health and well-being day with the local government and a children's Christmas party.

Figure 12: Community Events at Centro Novo and Cipoeiro



## CHEGA TUDO

During the quarter a maiden MRE for Chega Tudo<sup>5</sup> was announced of 11.3 million tonnes at 1.6 g/t gold, containing 577,000 ounces of gold. This increased the JORC reported resources for CentroGold by 45%, which now stands at 31.5 million tonnes at 1.8 g/t gold, hosting 1.86 million ounces of gold.

The focus has shifted to completing the Scoping Study with the inclusion of Chega Tudo, which has been rescheduled for the end of the First Quarter 2018.

## BLANKET ZONE

At Blanket, infill drilling<sup>7</sup> confirmed high gold grades. Early holes returned abundant high-grade gold intersections over substantial widths, underscoring the potential for a sizeable gold operation. Results from the four holes completed include:

<b>ACBKD-17-001</b>	<b>51.0m @ 4.34 g/t gold from 95.0m including: 12.3m @ 13.70 g/t gold from 113.7m<sup>3</sup></b>
<b>ACBKD-17-002</b>	<b>17.0m @ 2.17 g/t gold from 123.0m<sup>3</sup></b>
<b>ACBKD-17-003</b>	<b>6.00 m @ 5.29 g/t gold from 92.00 m<sup>3</sup> and 27.0m @ 2.52 g/t gold from 157.0m<sup>3</sup></b>
<b>ACBKD-17-004</b>	<b>20.0m @ 1.42 g/t gold from 130.0m<sup>3</sup></b>

Assays show that continuity exists both within and between the existing approximately 70 metre spaced historical sections. Additionally, hole ACBKD-17-001 supports continuity in the known high-grade zone at Blanket. Remaining core will be sent for geo-technical and metallurgical testing to validate previous studies.

### **CONTACT ZONE**

Drilling is currently focussing on upgrading the resource classification at the Contact orebody, with four rigs currently operational and drilling expected to be completed by the end of January 2018.

### **LICENSING UPDATE**

All the mineral rights and exploration licences for CentroGold are confirmed to be in good standing with the Departamento Nacional de Produção Mineral (DNPM).

During the quarter, access was agreed, facilitating the acceleration and completion of drilling activities.

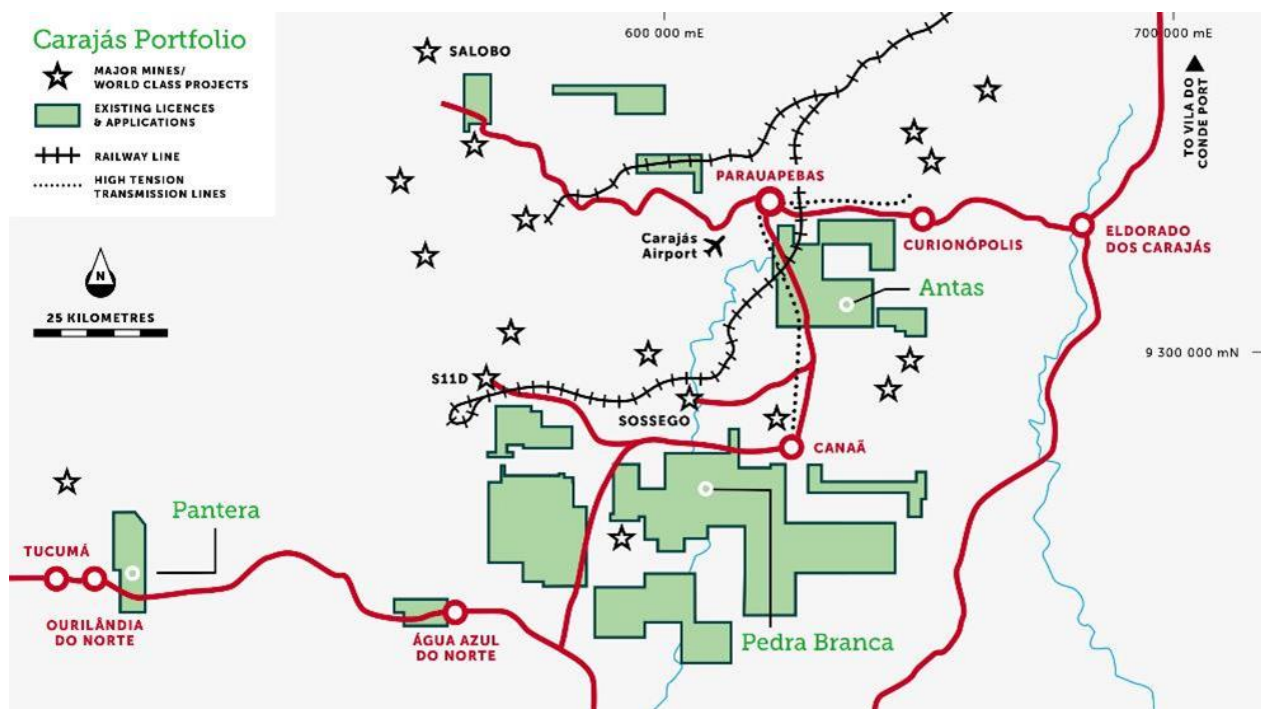
The Company continues to work towards the lifting of the licensing injunction and anticipate a decision as early as late June 2018. Good progress was made towards this with the Company completing a survey examining the impact of artisanal mining activities and, in parallel, INCRA (Instituto Nacional de Colonização e Reforma Agrária) (the regulatory authority responsible for certain surface rights at CentroGold) undertook their own survey. These surveys will contribute to an independent report by INCRA which the Company believes will support the lifting of the licencing injunction.

## Pantera (option for 100%)

Although subsequent to the period under review, in January 2018, the Company announced agreed terms for an option to acquire 100% of the Pantera Copper Project from Vale S.A. (Vale)<sup>8</sup>.

The project is located near to Avanco's existing operations in the world class Carajás Mineral Province, Brazil and fits with the Company's development pipeline because it has the potential to significantly add resources, reserves and production for the longer-term.

**Figure 13: Avanco's Carajás Portfolio, Pantera in South-east Corner**



The Pantera<sup>1</sup> license extends to 9,700 hectares, 110 kilometres west of the Company's Pedra Branca Project. It is located close to established infrastructure, some 20 kilometres from Vale's operating Onça Puma Nickel Mine.

High-grade copper results from historic drilling are extremely encouraging and include:

<b>PKC-PANT-DH00003</b>	<b>26.00 m @ 2.58 % Cu from 81.00 m<sup>3</sup></b> <b>including: 10.05 m @ 3.75 % Cu from 87.95 m<sup>3</sup></b>
<b>PKC-PANT-DH00008</b>	<b>15.00 m @ 2.82 % Cu from 113.20 m<sup>3</sup></b> <b>including: 6.00 m @ 5.28 % Cu from 120.00 m<sup>3</sup></b>
<b>PKC-PANT-DH00014</b>	<b>59.00 m @ 1.36 % Cu from 172.90 m<sup>3</sup></b> <b>including: 10.90 m @ 3.62 % Cu from 221.00 m<sup>3</sup></b> <b>and: 29.40 m @ 2.10 % Cu from 261.10 m<sup>3</sup></b> <b>including: 2.75 m @ 8.19 % Cu from 282.25 m<sup>3</sup></b>

Pantera is of typical Carajás IOCG style, comprising of predominately chalcopyrite mineralisation in tabular ore zones hosted within a steeply dipping shear zone.

An initial 5,000 metre drilling programme is currently being assessed and will begin during the first quarter of 2018, with a maiden JORC Mineral Resource to be defined.

Substantial potential exists within the underexplored eastern side of Pantera, where massive sulphides (not seen in drilling to the west) are being mined from a small artisanal shaft. Any additional resources discovered in this area will not increase the acquisition price.



**Figure 14: Breccia style high-grade copper mineralisation (chalcopyrite) from Pantera**



The Pantera transaction required ratification by the BNDES who retain a royalty interest in the project.

Because Pantera is at an early stage of exploration, the requirements for drilling, studies and permitting dictate that the Pantera development opportunity likely follows well after the Company's CentroGold and Pedra Branca projects.

# Corporate

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

As at the 31<sup>st</sup> December 2017, the Company's cash position was \$24.3m from \$28.5m at the end of the third quarter 2017.

**Figure 15: Quarterly Cash Position Reconciliation**

	<b>\$'000</b>
<b>Cash Position - 1 October 2017</b>	<b>28,501</b>
Sales receipts net of treatment and refining costs	21,666
Operating costs including royalties, admin, corporate and taxes	(19,533)
<b>Free cashflow from operations</b>	<b>2,133</b>
Interest earned and foreign exchange movements in cash held	(324)
Sustaining capital expenditure	(1,152)
Development, exploration and evaluation expenditure	(2,796)
Accelerated Purchase of CentroGold	(2,000)
<b>TOTAL CASH DECREASE</b>	<b>(4,139)</b>
<b>CASH POSITION - 31 December 2017</b>	<b>24,362</b>

During the quarter the market was investigated to consider terms that could be achieved for a second offtake contract and a series of meetings conducted with traders and smelters. Following these meetings, a competitive bidding process with eight international traders for 40% to 60% (in Avanco option) of Antas production for 2018, 2019 and 2020 was undertaken. The Company expects to finalise and sign a new contract with a second offtake partner during the First Quarter 2018 with what the Company considers are very competitive terms.

Following the accelerated acquisition of CentroGold in September 2017 and the option to acquire a 100% interest in Pantera announced in January 2018, Avanco now has a project development pipeline that offers significant diversified growth opportunities in both copper and gold. The Board is currently reviewing all the development and growth opportunities and hopes to update shareholders with an enhanced strategic plan during the First Quarter of 2018.

**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 not to present this report with Fourth Quarter 2016 comparables as the Company was still in a ramp-up phase during that quarter. Looking forward, it is anticipated that Avanco will present its results with comparable figures from the previous year.

### CARAJAS COPPER – Mineral Resources <sup>9,10,11,12,13</sup>

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PB East <sup>14</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>14</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>14</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>15</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>16,17</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>6, 18</sup>

DEPOSIT	Category	Million Tonnes	Au (g/t)	Gold Metal (Oz)
Contact Zone <sup>19</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>19</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>
Chega Tudo <sup>19</sup>	Indicated	8.2	1.6	425,000
	Inferred	3.1	1.5	152,000
	<b>Total</b>	<b>11.3</b>	<b>1.6</b>	<b>577,000</b>
<b>TOTAL</b>		<b>31.5</b>	<b>1.8</b>	<b>1,863,000</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, their surrounding targets including Azevedo, and Pantera are all defined as Iron Oxide Copper Gold (IOCG) style deposits/targets, typical of that found in the Carajás Province of Brazil, and well documented in respected geological texts
2. See, ASX Announcement "Positive exploration results at Azevedo Prospect", 14 December 2017, for details
3. Depths and widths are downhole
4. See, ASX Announcement "Antas Exploration Update: Excellent pit infill and expansion drilling results", 8 August 2017, for details
5. Gold mineralisation within the CentroGold project is typical of mesothermal vein-style, or orogenic-style gold deposits
6. See ASX Announcement "CentroGold Resources Increase 45% and Exceeds 1.8 Million Ounces", 13 November 2017, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Chega Tudo MRE
7. See ASX Announcement "CentroGold –Drilling Confirms High Grade Gold and Continuity at Blanket", 23 November 2017, for details
8. See, ASX Announcement "Avanco Acquires Pantera Project from Vale", 16 January 2018, for details
9. 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 MRE
10. 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 MRE
11. 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 MRE
12. 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 MRE
13. 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
14. Grade Tonnage Reported above a Cut-off Grade of 0.9% Copper
15. Grade Tonnage Reported above a Cut-off Grade of 0.3% Copper for Oxide Resources
16. 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
17. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves
18. 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 Contact one and Blanket Zone MRE's
19. Grade Tonnage Reported above a Cut-off Grade of 1.0g/t Gold



## INTERESTS IN MINING TENEMENTS HELD

Project	Property Name	Tenure Title Holder	Interest %	AREA (ha)	Licence Number	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	6,552	850.552/2016	Granted to 2019
	Agua Boa	ARM	100	8,907	850.823/2005	Granted to 2020
	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	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	VDM	100	8,975	850.511/2016	Granted to 2020
	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 2020
	Canaã West	VDM**	100****	5,753	854951/1995	#
Carajás Regional	Carajás 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
CentroGold	CentroGold	MCT	100	10,000	800.088/1985	Granted to 2018
	CentroGold	MCT	100	6,389	800.089/1985	Granted to 2018
	CentroGold	MCT	100	7,088	800.091/1985	Granted to 2018
	CentroGold	MCT	100	3,874	806.064/2006	Granted to 2018
	CentroGold	MCT	100	6,958	806.083/2006	Granted to 2018
	CentroGold	MCT	100	3,835	806.108/2003	Granted to 2018

Project	Property Name	Tenure Title Holder	Interest %	AREA (ha)	Licence Number	Status of Tenure
CentroGold	CentroGold	MCT	100	4,901	806.109/2008	Granted to 2018
	CentroGold	MCT	100	9,872	806.166/2007	Granted to 2018
	CentroGold	MCT	100	9,876	806.253/2009	Granted to 2018
	CentroGold	MCT	100	4,635	806.702/2010	Granted to 2018
	CentroGold	MCT	100	9,950	806.706/2010	Granted to 2018
	CentroGold	MCT	100	508	850.649/2010	Granted to 2018
	CentroGold	MCT	100	2,420	850.651/2010	Granted to 2018
	CentroGold	MCT	100	353	850.652/2010	Granted to 2018
	CentroGold	MCT	100	650	850.864/2011	Granted to 2018
	CentroGold	MCT	100	176	806.254/2009	Granted to 2018
	CentroGold	MCT	100	8,840	806.205/2008	Granted to 2019
	CentroGold	MCT	100	745	850.650/2010	Granted to 2019
	CentroGold	MCT**	100	3,373	806.241/2014	Granted to 2019
	CentroGold	MCT	100	3,491	850.061/2016	Granted to 2020
	CentroGold	MCT**	100	2,624	806.308/2008	#
	CentroGold	MCT**	100	2,806	806.309/2008	#
	CentroGold	MCT	100	3,997	800.090/1985	#
	CentroGold	MCT	100	2,584	800.180/1990	#
	CentroGold	MCT	100	462	806.023/1999	#
	CentroGold	MCT	100	5,291	806.071/2001	#
	CentroGold	MCT	100	4,314	806.091/2006	#
	CentroGold	MCT	100	972	806.109/2003	#
	CentroGold	MCT	100	2,235	806.147/2003	#
	CentroGold	MCT	100	18	806.204/2004	#
	CentroGold	MCT	100	326	850.021/2012	#
	CentroGold	MCT**	100	10,000	806.057/2003	#
	CentroGold	MCT**	100	1,675	806.704/2010	#

AVB = AVB Mineração. ARM = Avanco Resources Mineração. VDM = Vale Dourado Mineração.

EST = Estela do Brazil Mineração. MCT = MCT 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**

Project	Current Quarter Payments (\$'000)
Antas	400
Pedra Branca	1,114
CentroGold (including acquisition)	3,127
Pantera	105
Regional Exploration	50
<b>Total</b>	<b>4,796</b>



## About Avanco

Avanco is a progressive Australian ASX-quoted copper mining company in the world class mineral province of The Carajás in Brazil. Antas, the Company's first mine is in its second year of commercial production and demonstrates the Company's ability to create value at every stage, from exploration discovery through to commercial production. Avanco has plans to build on the success of Antas with a project pipeline that includes the Pedra Branca and Pantera copper projects in addition to the CentroGold, the largest undeveloped gold project in Brazil.





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## CONTACT

### Nicholas Bias

Head of Corporate Affairs  
[nbias@avancoresources.com](mailto:nbias@avancoresources.com)  
+61 (0)497 888 227



[@GoAvanco](https://twitter.com/GoAvanco)

## DIRECTORS

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

## MANAGEMENT

Scott Funston  
Wayne Phillips  
Otávio Monteiro  
Jailson Araujo  
Manoel Cerqueira  
Nicholas Bias  
Tim Wither

Suite 3, 257 York Street, Subiaco WA 6008 Australia  
PO Box 1726, West Perth WA 6872 Australia  
[AVANCORESOURCES.COM](http://AVANCORESOURCES.COM)

T +61 8 9324 1865  
F. +61 8 9200 1850  
[info@avancoresources.com](mailto:info@avancoresources.com)