

29 May 2018

Truck Drivers Strike and Antas Activities Update

ASX: AVB ('AVANCO' OR 'THE COMPANY') provides the following update relating to the current truck drivers strike in Brazil and resource evaluation work at the Antas Copper Mine¹.

Truck Drivers Strike

Further to Avanco's ASX announcement "Brazil Truck Drivers Strike" dated 23 May 2018, the Company confirms that delays in the delivery of fuel and other consumables to the Antas Mine and Pantera are being experienced. Road blocks on highways are preventing the dispatch of copper concentrate to the port.

All Antas site activities are being scaled back to conserve fuel without compromising safety. This includes suspending plant operations and most mining activities. The electricity supply to the plant is sourced from the grid, and accordingly plant operations can be quickly recommenced if desired.

Currently there is approximately one month of ROM ore stockpiled, with the available plant capacity able to make up for any short-term production disruptions.

Additionally, Pantera is being affected, with the drilling programme suspended.

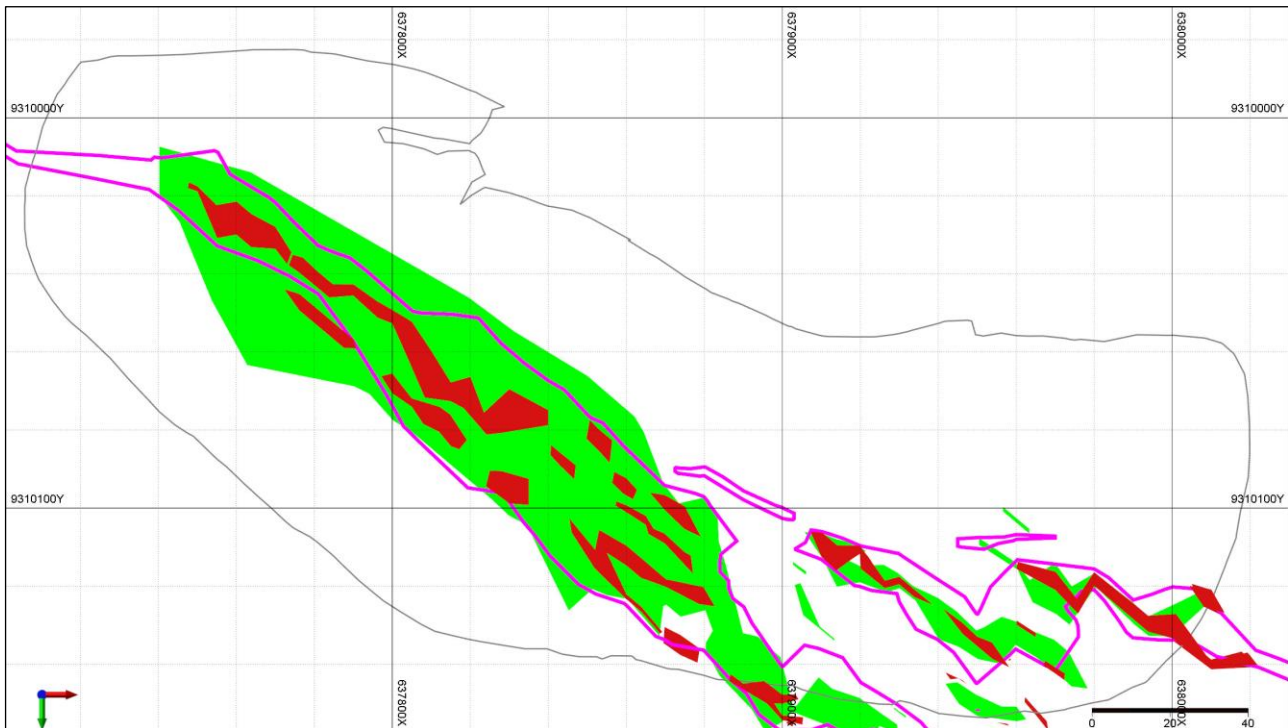
The Company confirms that it currently has sufficient working capital to continue paying creditors as and when they fall due.

The impact of the strike on operating costs and production guidance for 2018 cannot be accurately determined at this stage. Production forecasts for April and May 2018 have been met.

The Company will continue to provide regular updates regarding the impact of the strike.

Antas Resource and Reserve Update

Significant time and effort has been expended to generate a new geological and resource model for Antas. This exercise is ongoing and aims to accurately model the Antas orebody such that it reconciles with actual production from the mine.



At the 170mRL level, a comparison of Antas resource model (magenta outline) with actual ore mined (green). High-grade zones shown in red.

The challenge associated with reporting a reliable update to the Antas Mineral Resource is demonstrated in the above diagram which clearly illustrates the complexity of the orebody. The differences between the actual ore zones mined and the ore zones predicted by the current iteration of the model, are very evident. The fact that substantially more copper was recovered from this bench than forecast, highlights the deficiencies in the reconciliation. The diagram also shows the complexity of the high-grade copper zones (in red) situated within the broader (green) orebody.

Management are reluctant to report a new Mineral Resource estimate until it has improved the veracity of reconciliation to within acceptable parameters. The release of an updated model is currently expected in late Q2-2018 or early Q3-2018. Subsequently, a pit re-optimisation and preparation of a new Ore Reserve estimate will commence.

In the interim, mine planning will continue to be dependent on the extensive programmes of grade control drilling. This drilling will take priority at the assay laboratory.

Management remain optimistic that Antas will be extended at depth, with the potential for an additional cut-back, and/or by the potential of going underground. Subject to board approval, a programme of further resource drilling is planned for Q4-2018.

In absence of a new Mineral Resource / Ore Reserve estimate, production guidance for 2018 remains at 12,000 to 13,000 tonnes of copper metal.

Antas Deeps – Underground Evaluation

Substantial widths of high grade copper mineralisation remain open at depth and are delineated to extend well below what is expected to be the economic limit of the Antas open pit.

The mineralisation extending at depth is referred to as “Antas Deeps” and warrants further drilling to evaluate the feasibility of supporting underground development.

The Company anticipates being able to commence planning for a Antas Deeps drill programme in H1-2019.

The Company remains confident of being able to extend the Antas mine life from ongoing evaluation work at Antas Deeps, the proximal Azevedo prospect and other near-mine exploration targets.

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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 and surrounding targets including Azevedo, are 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.*