

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AVANCO RESOURCES LIMITED

ABN

85 126 379 646

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$US'000 | Year to date (6 months) \$US'000 |
|---|-----------------------------|-------------------------------------|
| 1.1 Receipts from product sales and related debtors | 14,191 | 14,191 |
| 1.2 Payments for (a) exploration and evaluation | (552) | (1,082) |
| (b) development and construction | (878) | (15,544) |
| (c) production | (10,581) | (10,581) |
| (d) administration | (650) | (1,306) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 119 | 216 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other – registered office bond | - | - |
| Net Operating Cash Flows | 1,649 | (14,106) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects | - | - |
| (b)equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: (a)prospects | - | - |
| (b)equity investments | - | - |
| (c)other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | 1,649 | (14,106) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|---------------|-----------------|
| 1.13 | Total operating and investing cash flows (brought forward) | 1,649 | (14,106) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from royalty agreements | - | 4,000 |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Fundraising refund / (costs) | - | - |
| | Net financing cash flows | - | 4,000 |
| | Net increase (decrease) in cash held | 1,649 | (10,106) |
| 1.20 | Cash at beginning of quarter/year to date | 20,322 | 31,700 |
| 1.21 | Exchange rate adjustments to item 1.20 | (929) | (552) |
| 1.22 | Cash at end of quarter | 21,042 | 21,042 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$US'000 |
|------|--|-----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | \$545 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

| |
|---|
| <p>Payments for Executive Directors consulting fees and Non-Executive Directors fees - \$370k Payments for legal fees and serviced office in Brazil – \$175k</p> |
|---|

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|-----|
| Nil |
|-----|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----|
| Nil |
|-----|

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$US'000 | Amount used \$US'000 |
|---------------------------------|------------------------------|-------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$US'000 |
|----------------------------------|---------------|
| 4.1 Exploration and evaluation | 500 |
| 4.2 Development and construction | 50 |
| 4.3 Production | 12,000 |
| 4.4 Administration | 650 |
| Total | 13,200 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$US'000 | Previous quarter \$US'000 |
|--|-----------------------------|------------------------------|
| 5.1 Cash on hand and at bank | 395 | 1,592 |
| 5.2 Deposits at call | 1,933 | 2,997 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other – USD Bank Accounts | 18,714 | 15,643 |
| Total: cash at end of quarter (item 1.22) | 21,042 | 20,322 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|----------------------------------|-------------------------------------|-------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | Nil | | | |
| 6.2 Interests in mining tenements acquired or increased | Nil | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|---------------|---------------|---|--|
| 7.1 Preference securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 2,456,906,443 | 2,456,906,443 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options - Unlisted | | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 12,550,000 | | \$0.15 | 31/12/16 |
| | 140,000,000 | | \$0.10 | 30/06/18 |
| 7.8 Issued during quarter: | 10,000,000 | | \$0.10 | 30/06/18 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired / cancelled during quarter: - Unlisted | | | <i>Exercise price</i> | <i>Expiry date</i> |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

