



Avanco

RESOURCES LIMITED

Investor Update
May 2015



STAGE 1 – MOVING INTO CONSTRUCTION

OPENING CEREMONY

Inauguration for regulatory authorities & stakeholders



Chairman Colin Jones



Sr Vander
Secretary of
Development
Carajas



Directors Wyane Phillips and
Simon Mottram



Sr Glauber of the DNPM
Para State & Tony Polglase



Director Luis Azevedo &
Antonio Madalosso



Tony Polglase & Jailson Araujo



Sr Dao – local landowner

CONSTRUCTION BUDGET

- **US\$53m including contingency based on firm offers, bid against detailed supply packages**
- **Cost Control Systems in place to facilitate forecasting**
- **Additional US\$7m estimated for Working Capital**

AREA	US\$xM
Plant	25.0
Infrastrucure	7.4
Pre-srip	5.0
TMF	3.4
Engineering	5.0
Contingency	7.0
Total US\$=	~US\$53

CONSTRUCTION UPDATE

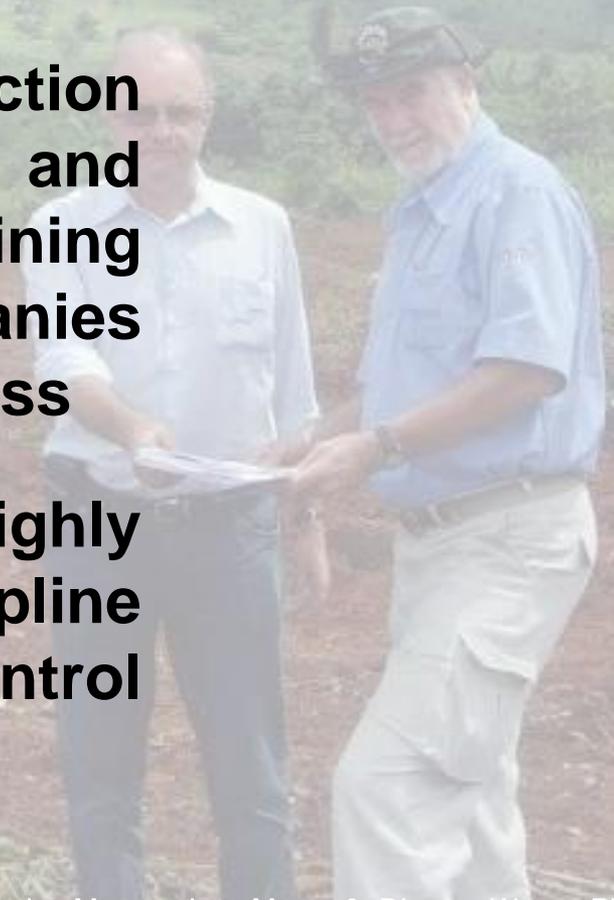
- **Site work commenced 4 May 2015**
- **Provisional Site offices installed**
- **Earth works contract awarded and mobilised**
- **Plant site de-grubbed, organics stockpiled**



“Cut-and-fill over the plant area on schedule”

CONSTRUCTION MANAGEMENT

- José Mauro engaged as Construction Manager
- Mr Mauro brings 30yrs of experience in mining & industrial implementation
- Extensive experience in construction management, maintenance, and engineering, especially in mining beneficiation plants for companies including Fosferti, Rio Tinto & Kinross
- Mr Mauro comes supported by a highly skilled team of QA/QC, site discipline supervisors, document and cost control personnel



STAGE 1 MILESTONES

Aggressive build & production programme

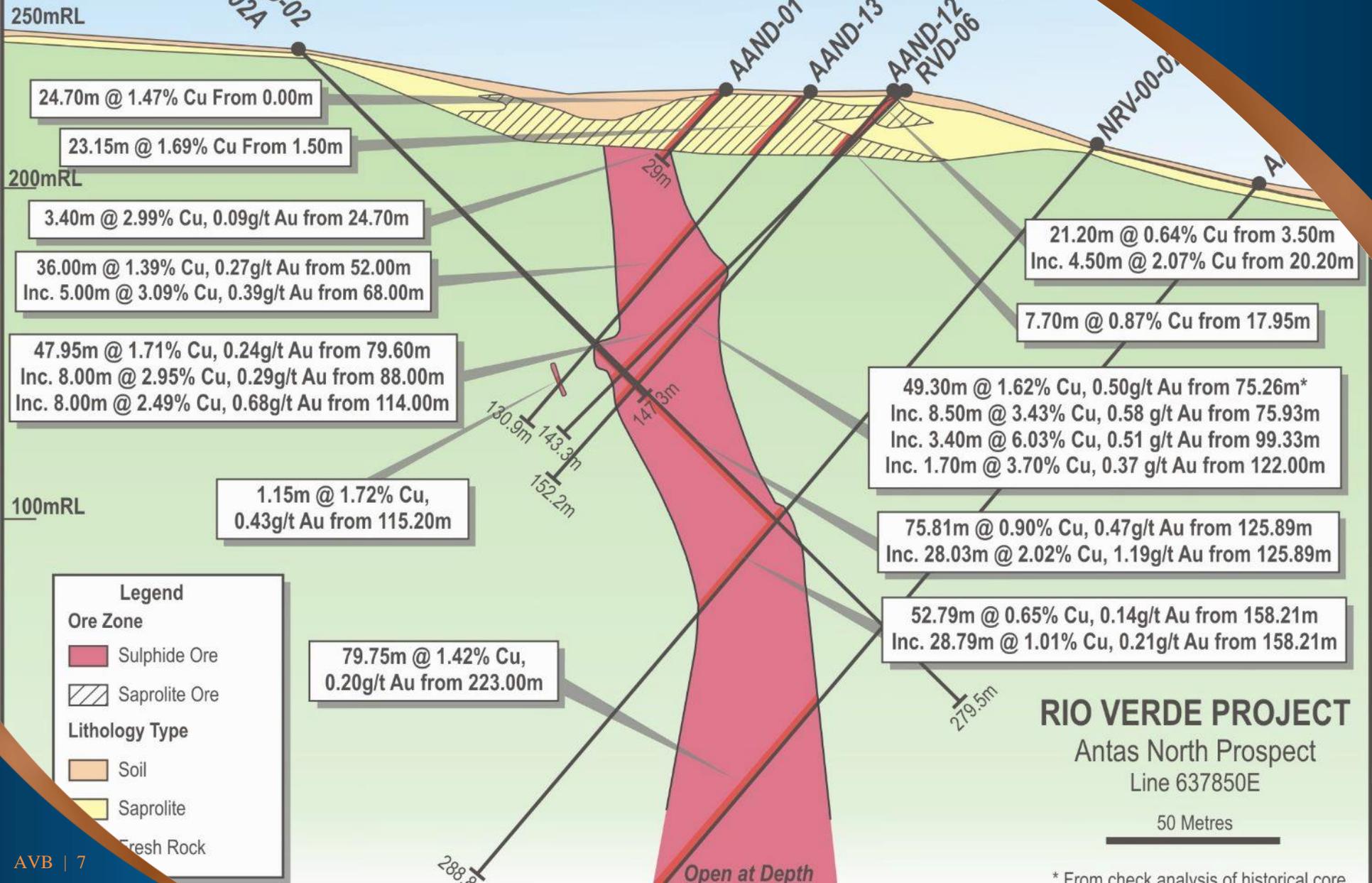
KEY ACTIVITIES

Start Civils	June
Commence Open Pit Pre-Strip	August
Start Mechanical-Electrical Installation	August
Complete Earthworks	September
Complete Tailings Dam	November
Complete Power Line	October
Low grade ore to ROM pad	December
Start Commissioning	December
Ramp-up on high-grade ore	March 2016
Dispatch of first concentrates to Port	March 2016

9 310 000mN

9 310 100mN

ANTAS NORTH DEPOSIT



24.70m @ 1.47% Cu From 0.00m

23.15m @ 1.69% Cu From 1.50m

3.40m @ 2.99% Cu, 0.09g/t Au from 24.70m

36.00m @ 1.39% Cu, 0.27g/t Au from 52.00m
Inc. 5.00m @ 3.09% Cu, 0.39g/t Au from 68.00m

47.95m @ 1.71% Cu, 0.24g/t Au from 79.60m
Inc. 8.00m @ 2.95% Cu, 0.29g/t Au from 88.00m
Inc. 8.00m @ 2.49% Cu, 0.68g/t Au from 114.00m

1.15m @ 1.72% Cu,
0.43g/t Au from 115.20m

79.75m @ 1.42% Cu,
0.20g/t Au from 223.00m

49.30m @ 1.62% Cu, 0.50g/t Au from 75.26m*
Inc. 8.50m @ 3.43% Cu, 0.58 g/t Au from 75.93m
Inc. 3.40m @ 6.03% Cu, 0.51 g/t Au from 99.33m
Inc. 1.70m @ 3.70% Cu, 0.37 g/t Au from 122.00m

75.81m @ 0.90% Cu, 0.47g/t Au from 125.89m
Inc. 28.03m @ 2.02% Cu, 1.19g/t Au from 125.89m

52.79m @ 0.65% Cu, 0.14g/t Au from 158.21m
Inc. 28.79m @ 1.01% Cu, 0.21g/t Au from 158.21m

21.20m @ 0.64% Cu from 3.50m
Inc. 4.50m @ 2.07% Cu from 20.20m

7.70m @ 0.87% Cu from 17.95m

Legend

Ore Zone

- Sulphide Ore
- Saprolite Ore

Lithology Type

- Soil
- Saprolite
- Fresh Rock

RIO VERDE PROJECT
Antas North Prospect
Line 637850E

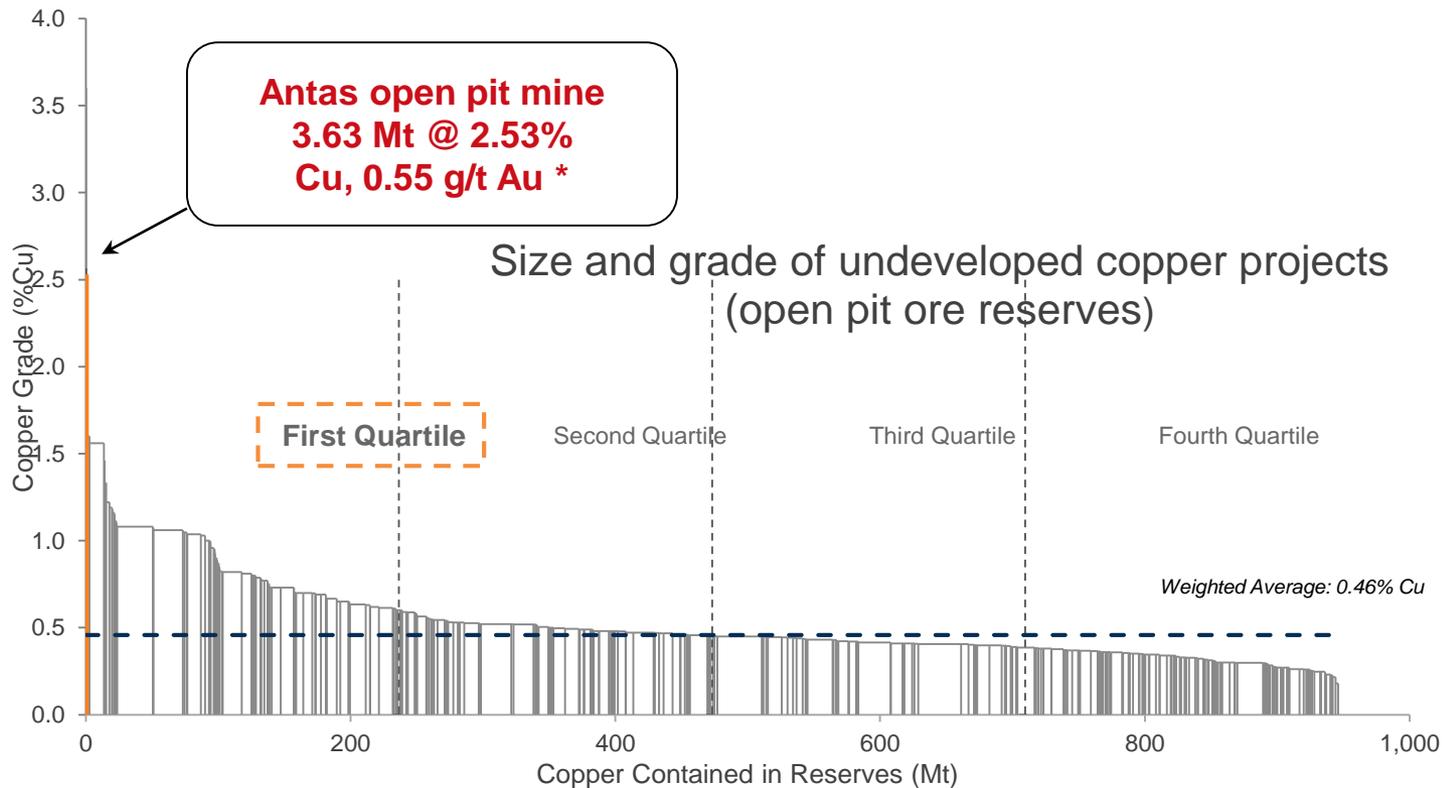
50 Metres

Open at Depth

* From check analysis of historical core

PROJECT BENCHMARKING

Antas open pit ore reserve comfortably falling within the 1st Quartile in terms of grade



* Please refer to Appendix for complete mineral resource and ore reserve tables

Source: SNL Mining & Metals, Terra Studio. Undeveloped copper projects with more than 90,000t of contained copper metal

MINING PHYSICALS

Conventional drill & blast, load and haul Open Pit Mining

Parameter	Value (1st 3 years incl. Pre-strip)
Operation	By Contract Mining Group – LOI pending
Method	Open pit – minimal pre-strip
Water ingress	Very “tight” rocks – low inflows expected
Strip ratio	~7.7:1 (this includes pre-strip)
Ore Mining	500,000tpa planned
Rock Quality	Excellent Geotechnical properties – strong
Powder Factor	0.6Kg/t
Inter-ramp angle	11% (1 in 9)
Benches	80 degrees in fresh rock. Presplit blasting
Fleet	100t Excavator & 7 x 40t articulated trucks
Ore & waste	1.55mt & 11.9mt
Recovery / dilution	5% / 5%
Pre-Production Capex	US\$4.0m

PLANT PHYSICALS

Conventional Flotation Beneficiation

Parameter	Value
Production	~40,000tpa of copper gold concentrates
Process	Two stage crushing, milling, flotation and dewatering
Plant Capacity	100tph as built
Planned	65tph (@ 90% utilization) or 500,000tpa
Copper Recovery	~97%
Gold Recovery	~90%
Concentrates	28% Copper - clean specification attracting low TC/RC's
LOM head grade	2.53% Copper
Plant Capex	US\$25m (excl. infrastructure and contingencies)

PROJECT ECONOMICS

Updated Financials – restructured on a debt free basis

- **Economics assisted by weakening local currency**

- **C1 costs within industry 1st Quartile**

- **Mine Gate Costs US\$0.64**

- **Total Cash Costs US\$1.36**

ANTAS OPEX		
Costs	US\$/Lb	
	1st 3 YRS	LOM
C1	1.15	1.15
C2	1.68	1.68
C3	1.89	1.89

- **Modelling shows that Antas (being a high grade deposit & debt free) is cash neutral down to commodity prices of US\$1.8/lb Copper, & US\$1,000/oz Gold**

PROJECT ECONOMICS

- Performance of Antas has been updated & modelled based on US\$3.0 copper and US\$1,100/oz gold from 2016 & excludes upside from low grade ores and/or underground potential
- Main economic indicators are:-

- IRR 50%
- NPV₍₀₎ US\$178m
- Sustaining capital US\$38m*

EBITDA	
YEAR	US\$xM
1	40
2	53
3	53
LMO	314

* Includes for development cutbacks in the open-pit

FINANCING STATUS

- **\$19.9m placement successfully completed**
- **Rights Issue for \$43.67 closes 29 May**
- **Directors advise to subscribe before the closing date**
- **Firm commitments from major shareholders underpin the rights issue -**
- **Shortfall to be allocated after closing date**
- **Balance of approx.\$15.6m available pursuant to a royalty transaction entered into with a fund managed by BlackRock**
- **On completion Avanco will be fully funded into production, placing the Company in the desirable position of being fully financed, debt free and unhedged**

FORWARD LOOKING STATEMENTS

The announcement may contain certain forward-looking statements. Words 'anticipate', 'believe', 'expect', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'potential' and other similar expressions are intended to identify forward-looking statements. Indication of, and guidance on, future costings, earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Avanco Resources Ltd, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed of implied in such forward-looking statements.

Actual results, performance, or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based.

You should not place any undue reliance on forward-looking statements and neither Avanco nor its directors, officers, employees, servants or agents assume any responsibility to update such information.

Additional Information - All project costs in US\$

The production targets and other financial information in this presentation relates to Mineral Resources and Ore Reserves is based on, and fairly represents the Mineral Resources and Ore Reserves and information and supporting documentation extracted from the release, which was prepared by a Competent Person in compliance with the JORC Code (2012 Edition) and released to the ASX by the Company on 17 September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement released on 17 September 2014. All material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserves in that previous ASX release continue to apply and have not materially changed. Details of the production targets and the forecast financial information based on those production targets referred to in this presentation are set out in detail in the Company's announcement to the ASX on 17 September 2014. The Company confirms that all the material assumptions underpinning the production targets and forecast financial information described in the 17 September 2014 announcement continue to apply and have not materially changed.

COMPETENT PERSON STATEMENTS

The information in this report that relates to Mineral Resources and Exploration Results 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.

The information in this report that relates to Mineral Resources is based on information compiled by Dr. Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr. Shi is an employee of CSA Global Pty Ltd. Dr. Shi 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”. Dr. Shi consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Paul O’Callaghan, who is a member of the Australasian Institute of Mining and Metallurgy. Mr O’Callaghan is an employee of CSA Global Pty Ltd. Mr O’Callaghan 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 O’Callaghan 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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