



Avanco

RESOURCES LIMITED

Company Update
December 2015



BUILDING COPPER MINES IN BRAZIL

VISION

In one of the best endowed mineral districts in the world

- Targeting to become a 50,000tpa producer of copper metal + gold credits*
- Located in a mining friendly jurisdiction, in proximity to large copper mines
- Commission of the first mine is planned for Q1 2016
- Projects are > 2% Copper**, Low Capex and Low Opex
- The Company is financially strong and debt free
- Huge potential for new discoveries and / or joint ventures with neighbouring majors

* Refer to Cautionary statement on slide 38

** Refer JORC Reported Mineral Resources on slide 37

CORPORATE

- **Management believes the Company is fully funded into production**
- **The Company has no Debt and is Covenant free**
- **Avanco retains 100% of the Off-Take**

Major Shareholders	~%
Appian Natural Resources Fund	18
Greenstone Resources Fund	17
BlackRock World Mining Find	14
Glencore Plc	8

ASX Code	AVB
Issued shares	2.457B
Options	~227m
52 week range	Au\$0.05 - \$0.09
Market cap @ \$0.6	Au\$147m
Cash (31 October 2015)	~Au\$54m*
Enterprise value	Au\$93m

* Excludes US\$8m still to be drawn from the BlackRock Royalty Financing Agreement

THE BOARD

- International and Brazilian mining professionals
- Experience in Copper concentrates production across all levels / disciplines

BOARD		Discipline	Portuguese Speaking	Resident in Brazil	Brazilian National
Colin Jones	Independent Chairman	Mining Engineer	●	●	
Tony Polglase	Managing Director	Metallurgist	●	●	
Luis Azevedo	Director Legal / Regulatory	Mining Lawyer	●	●	●
Simon Mottram	Director Exploration	Geologist	●	60%	
Wayne Phillips	Director Operations	Chemical Engineer	●	●	●
Scott Funston	Director and Company Secretary	Chartered Accountant			
Vernon Tidy	Independent Director	Chartered Accountant			

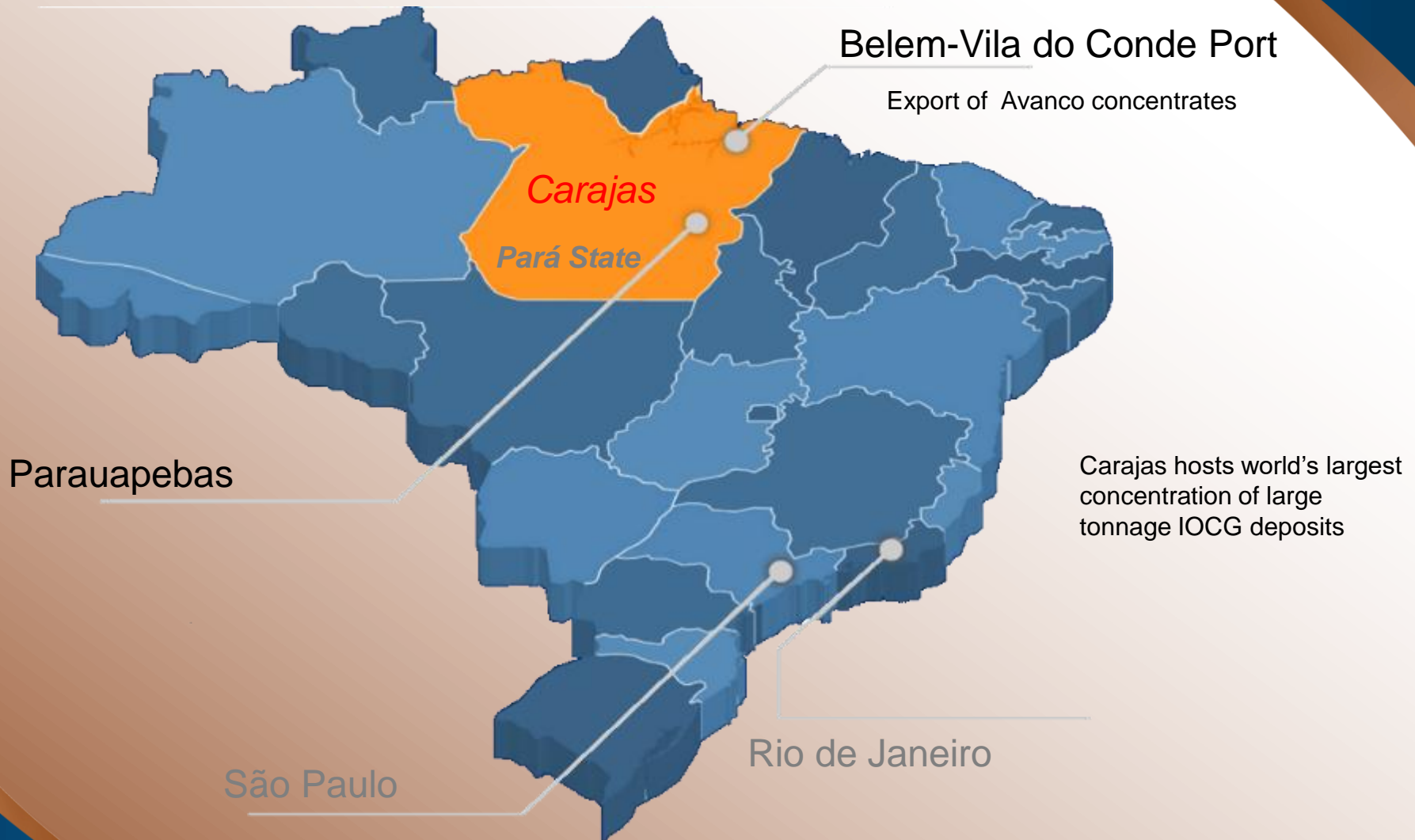
COMPANY STRATEGY

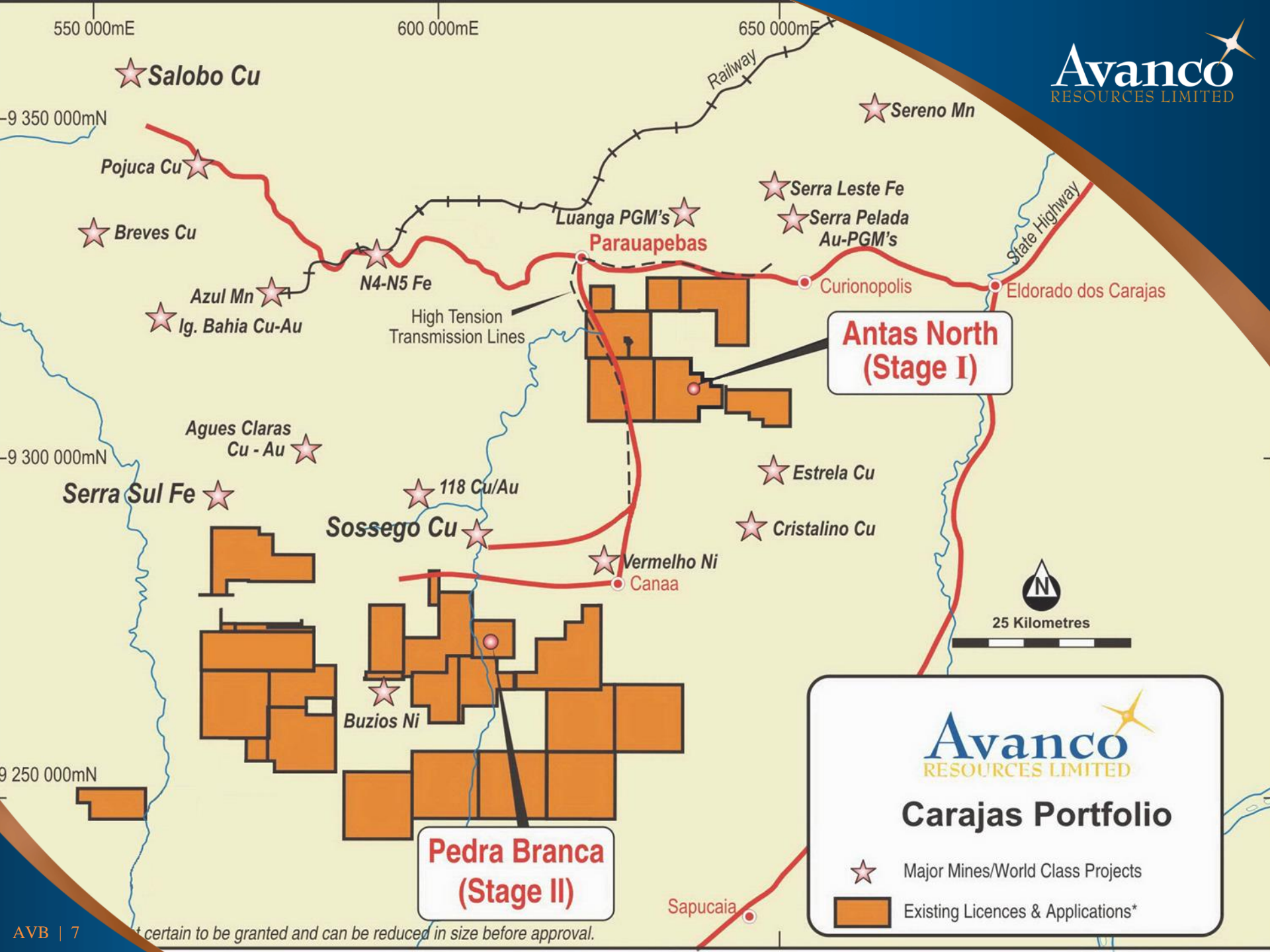
To become a mid tier copper producing company

- 1. Commission the Stage 1 Antas Open Pit Mine during Q1 2016 to produce ~12,000tpa of copper in concentrates with ~7,000ozpa of gold credits**
- 2. Target an increase at Antas to 15,000tpa by 2018**
- 3. Develop the Stage 2 Pedra Branca Underground project**
- 4. Combined stage 1 and 2 target of ~50,000tpa of copper in 4<5 years**
- 5. Develop “*upside*” through regional exploration as well as pursuing opportunities / JV’s with majors in the Carajas**

PROJECTS LOCATION

In one of the best endowed mineral districts in the world





**Antas North
(Stage I)**

**Pedra Branca
(Stage II)**

Avanco
RESOURCES LIMITED

Carajas Portfolio

- ★ Major Mines/World Class Projects
- Existing Licences & Applications*

ANTAS MINE PHYSICALS

Parameter	Value
Mining	Conventional open pit, D&B load and haul
Mine Plan	~500,000tpa ROM @ Strip 7.1 LOM
Mine Grade	~2.2%Cu 1st 3 years - 2.53%Cu LOM (~7yrs)
Plant Design	≈800,000tpa - Crush, grind, float & filter
Recoveries	≈ 94<97% for Cu & ~ 90% for Au into a 28% concentrate @ 8% moisture

- **Plant capacity not utilised – this provides redundancy, reduces commissioning risks and provides opportunities**
- **During production, ore will be stockpiled as a contingency against weather interruptions to mining**

ANTAS UPDATE

- ✓ **Mining Fleet Delivered and Commissioned**
- ✓ **Pre-Stripping well advanced**
- ✓ **First blast successfully undertaken**
- ✓ **Plant earthworks and Civils completed**
- ✓ **34.5Kv power connected to site**
- ✓ **Plant Mechanical - Electrical installation underway**
- ✓ **Commissioning of Crushing section in progress**
- ✓ **Plant commissioning – expected Q1-2016**

HEALTH, SAFETY AND ENVIRONMENT

- **No Lost Time Accidents or Medical Treatment cases since construction commenced**
- **Site works rigorously supervised**
- **Management are pleased with the contractors attitude and adherence to safe working practices**
- **Medical team and fully equipped ambulance on standby**
- **No Environmental Incidents have been recorded**
- **A nursery for indigenous seedlings is being established in readiness for rehabilitation of rock-dumps**

MINING UPDATE

- **Mining Contractor “MACA” selected**
- **Mining costs based on fixed and variable (BCM) mining rates**
- **Avanco to free issue explosives and fuel (reduces cost)**
- **Mining fleet being upgraded with larger 100t excavator in readiness for digging fresh rock**
- **Removal of saprolite overburden is well advanced**
- **Saprolite material >1gpt Au is being stockpiled separately and being tested for gold recovery**

MINING UPDATE

- **On removal of the saprolite the hard rock which hosts the high grade chalcopyrite will be exposed**
- **Two new blast hole rigs have been commissioned and are performing well**
- **Firing of the first blast has been completed**
- **Barren waste rock is being used to commission crushers and produce aggregates. Crushed stone makes good road base and is being compacted into the haul roads in preparation for the wet season**
- **Low grade ore is being delivered to the ROM**

GRADE CONTROL

- Assays from the first 71 grade control holes confirm the copper and gold grades in the Reserves, mitigating geological risk
- Intersections of high concentrations of massive sulphides have been contiguous from discovery through to JORC Ore Reserves
- Higher gold values add confidence and potential upside



- **Mining Contractor (MACA) has proven experience and expertise to operate the Antas Open pit**
- **Articulated 40t Volvo's - the preferred haul truck**

CONSTRUCTION BUDGET

- **May 2015 estimate was US\$60m including Contingency and Working Capital**
- **Weakening local currency has reduced (US\$) costs**
- **Cost Control / Reporting Systems in place and working well**
- **Activities are within budget and contingency not used to date**
- **Apart from the “*unexpected*”, Mech-Electrical execution represents the greatest remaining risk. This is being addressed with additional engineering supervision**

**New Brazilian 1000x700mm
Jaw crusher feeding 1200mm
closed circuit Cone crusher
installed to produce minus
20mm fine ore feed for the
ball mill**





Construction and Commissioning activities are approaching their “peak” with over 600 persons onsite

ROM pad, crushing control room and FEL visible in background

The first 20mm crushed stone discharges from the elevated fine ore conveyor onto the Ball Mill feed reclaim tunnel below

Ball Mill shell being hoisted into position

- **Construction of the plant is >50% complete**
- **~75% of expenditure committed/within budget**



Rougher-Scavenger Flotation Cells being installed

➤ **Plate and Frame Pressure Filter installation well advanced**

➤ **Part of the Lump-Sum-Turn-Key from Metso**

16/11/2015 10:14 AM

Metso Lump-Sum-Turn-Key Filter Building

➤ **Testing and Commissioning also by Metso**

16/11/2015

CONCENTRATE OFF-TAKE

- **Antas will produce around 48,000tpa of ~28% Copper “clean” concentrate with gold credits**
- **Net Smelter Return, i.e. Treatment and Freight Charges etc. has more leverage at low metal prices**
- **Experienced consultant leading the bid process for Avanco**
- **Competition for Antas material has been fierce with increasingly favourable terms being offered by prospective off-takers**
- **3 year off-take contract will be signed with 1 or 2 groups**



- Concentrates hauled ~700km to Belem-Vila do Conde Port
- Export via sea-containers to Asia

ANTAS ECONOMICS

- High copper grade + benefits from gold credits provides for a financially robust project
- Antas is forecast to be a low cost copper producer
- C1 and cash costs anticipated to fall within the 1st Quartile
- Expectations from current economic modelling* include:-

▪ Mine gate Cost	\$0.48/lb Cu
▪ C1	\$0.99/lb Cu
▪ C2**	\$1.36/lb Cu
▪ C3	\$1.57/lb Cu

▪ Cash Cost	\$1.20/lb Cu
▪ EBITDA	\$217m

* Results are based on copper prices of \$2/lb for 2016, \$2.5/lb for 2017, \$3.20 for 2018 onwards, gold \$1,100oz, FX USD:BRL 4.0, LOM, NIL discount rate

**Includes capital allocated for development cutbacks in the open-pit

OPERATIONAL READINESS

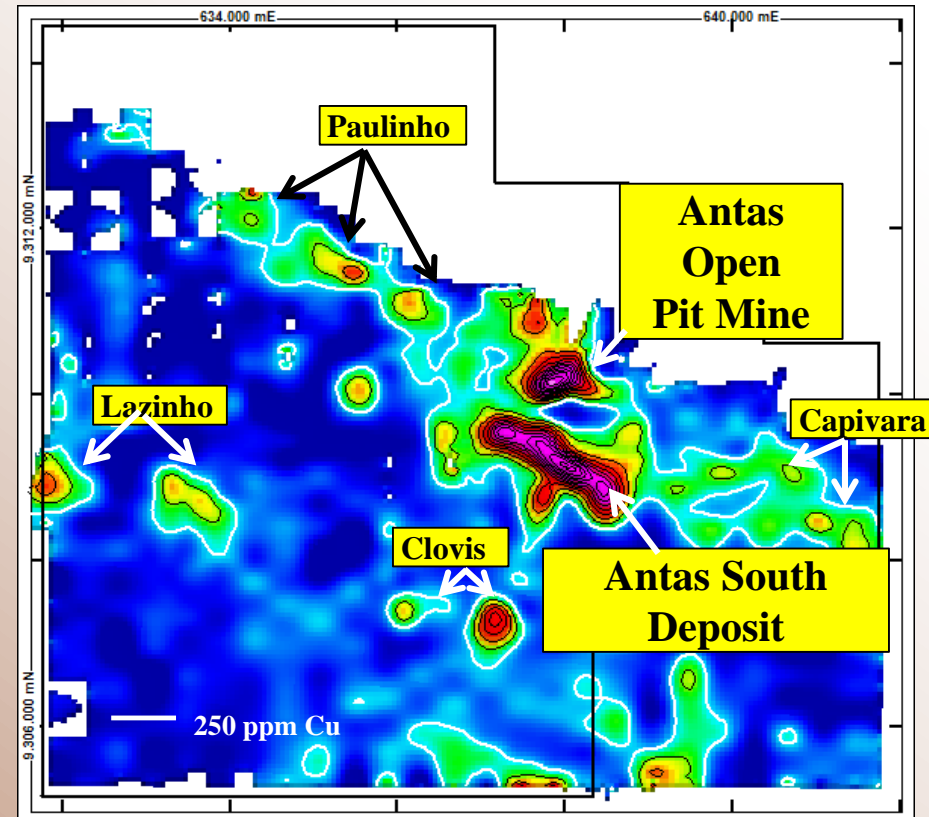
- **the Avanco Brazilian Management team have been carefully selected to ensure swift and smooth transition into production is successful**
- **The Carajas region has an abundance of well trained mining people seeking employment**
- **Managing Director resident in Brazil. Will oversee commissioning and deploy contingency monies to mitigate any start-up issues**

ANTAS UPSIDE

- **The plant has the capacity to treat more than 500,000tpa of ROM. Once this is realised, the aim will be to increase production from 12,000 to 15,000tpa Copper metal (+25%) before end 2018**
- **Significant additional JORC Resources are situated close by at Antas South – the economics of exploiting these are being investigated**
- **Other known copper targets exist within the license area and require drilling – these are believed to host significant near mine potential**
- **An application has been made to the regulatory authorities to increase the Antas mine capacity from 12,000tpa to 18,000tpa of copper**

NEAR MINE POTENTIAL

- The economics of exploiting the Antas South Deposit (including the high grade zone) is being examined
- Antas South is only 500m from the Open pit
- Additional proximal targets include Paulinho, Lazinho, Clovis and Capivara
- All the above targets have had some historical scout drilling and results to justify further testing



STAGE 2 – PEDRA BRANCA

- **Good infrastructure and close to Antas**
- **Two orebodies East and West - both open at depth**
- **The East is higher grade, wider and is better understood, while the West is very promising but requires more investigation**
- **Excellent mining widths - East average ~15m**
- **Strong wall rocks with 70° inclination i.e. ideal for cost efficient stoping**
- **Mineralogy = to Stage 1 and Vale's Sossego Mine (15km)**
- **Surface rights acquired, office and communications to be installed**

STAGE 2 – PEDRA BRANCA

PEDRA BRANCA

JORC REPORTED MINERAL RESOURCES*

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PB East	Indicated	7.96	2.81	0.63	224,000	160,000
	Inferred	3.43	2.70	0.61	92,000	67,000
	Total	11.39	2.78	0.62	316,000	227,000
PB West	Indicated	4.46	2.04	0.61	91,000	87,000
	Inferred	2.74	1.72	0.56	47,000	49,000
	Total	7.19	1.92	0.59	138,000	136,000
PEDRA BRANCA	Total	18.58	2.45	0.61	454,000	363,000

* Reported above a cut-off grade of 0.9% Cu

STAGE 2 – PEDRA BRANCA



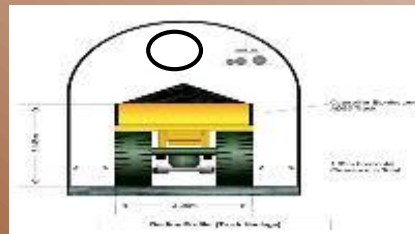
Decline ramp provides Capex efficient access, ventilation and haulage route



Sub-level bench and fill stoping - a productive safe “non entry” method



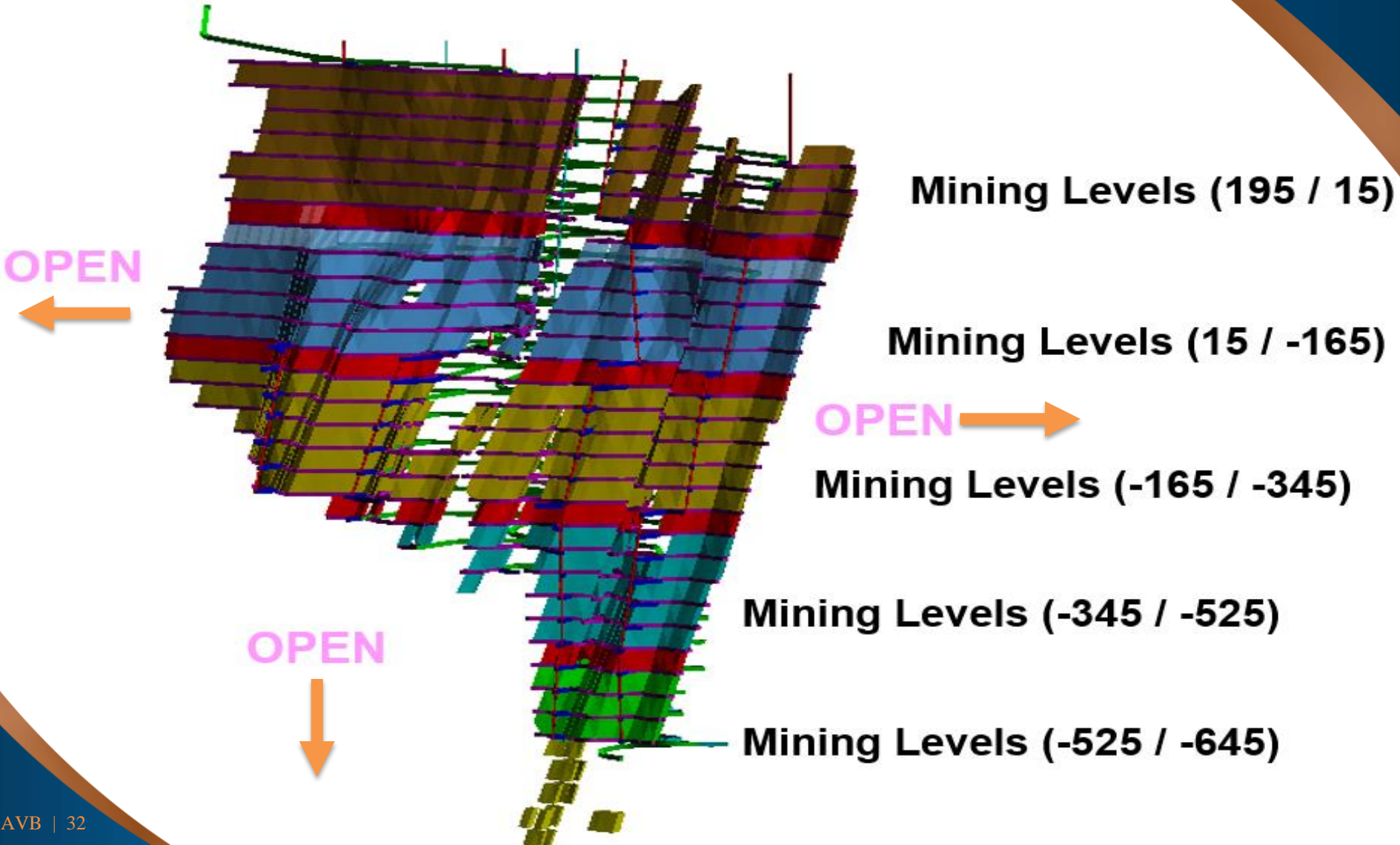
Remotely operated loading equipment



Truck haulage to surface

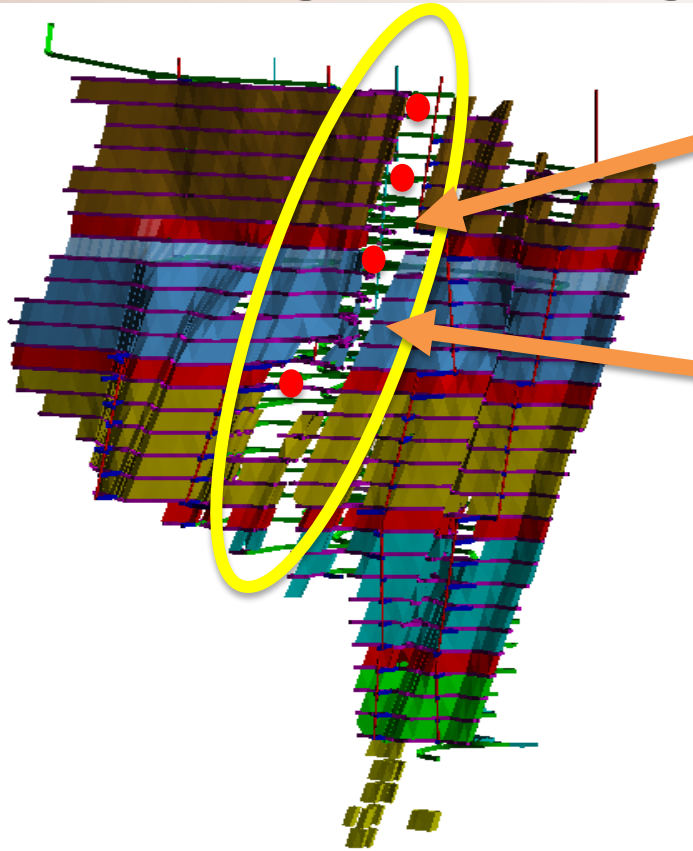
STAGE 2 – PEDRA BRANCA

INITIAL PRODUCTION UNDERHAND FROM EAST OREBODY

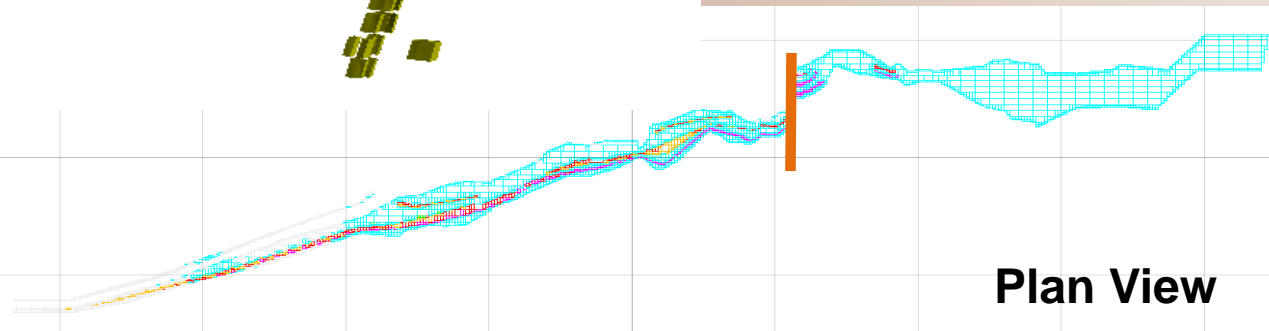


STAGE 2 – CURRENT PROGRAM

➤ Starting now through Q1 2016 and targeting:-



- possible faulting where interpretation is limited by drilling
- Potential 10<15% increase in Resources in the East
- Corresponding improvement in economics and reduction in cost of development allows a finalised access design



Plan View

STAGE 2 - SUMMARY

- **The East - higher grade/wider and better understood**
- **East provides basis for several years of production**
- **Later, and as the East deepens (*with consequent fall in production*), the West will be brought in to production**
- **Targeting ~35,000tpa Copper + gold credits**
- **Significant upside on both East and West – needs drilling**
- **Target start of East Boxcut and Ramp in 2016***

** dependent on many other corporate/technical variables*

REGIONAL EXPLORATION

- Carajas district has the highest concentration of large tonnage IOCG deposits in the world
- Avanco has 1,800Sqkm of exploration ground – second only to Vale SA*
- High probability of exploration success
- The region West of Stage 2 looks very interesting for Copper, Gold and Nickel
- Regional Mapping and Four power augers ongoing

* Exploration ground is in various stages of approval or under application

NEW BUSINESS

- **Avanco is on schedule to become the second copper producer in Carajas behind Vale SA***
- **Leveraging off the above, combined with the backdrop of lower commodity process will likely present opportunities with neighbours**
- **The Company is actively pursuing new business / JV's providing shareholders with the potential for “*substantial near term upside*”**

*excluding private/small/garimpo producers

GLOBAL JORC RESOURCES

CARAJAS - TOTAL JORC Reported Mineral Resources^{1,2,3,4}

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (ppm)	Copper Metal (T)	Gold Metal (Oz)
PB East ⁵	Indicated	7.96	2.81	0.63	224,000	160,000
	Inferred	3.43	2.70	0.61	92,000	67,000
	Total	11.39	2.78	0.62	316,000	227,000
PB West ⁵	Indicated	4.46	2.04	0.61	91,000	87,000
	Inferred	2.74	1.72	0.56	47,000	49,000
	Total	7.19	1.92	0.59	138,000	136,000
PEDRA BRANCA	Total	18.58	2.45	0.61	454,000	363,000
ANTAS NORTH ⁵	Measured	2.83	3.01	0.72	85,000	66,000
	Indicated	1.65	2.20	0.42	36,000	22,000
	Inferred	1.9	1.59	0.23	30,000	14,000
	Total	6.38	2.38	0.50	152,000	102,000
ANTAS SOUTH ⁶	Measured	0.59	1.34	0.18	8,000	3,000
	Indicated	7.5	0.7	0.2	53,000	49,000
	Inferred	1.99	1.18	0.2	24,000	13,000
	Total	10.08	0.83	0.2	85,000	65,000
TOTAL		35.04	1.97	0.47	691,000	530,000

ANTAS NORTH – JORC Reported Ore Reserves^{11,12}

CLASSIFICATION	Type	Economic Cut-Off Cu%	Tonnes (Mt)	Copper (%)	Gold (g/t)	Copper Metal (T)	Gold (Oz)
PROVED	ROM Ore	0.90	1.385	3.62	0.74	50,137	33,046
PROBABLE	ROM Ore	0.90	1.264	2.72	0.57	34,381	23,231
PROVEN + PROBABLE ROM ORE			2.649	3.19	0.66	84,518	56,277
PROVED	Low Grade	0.65	0.342	0.74	0.30	2,531	3,308
PROBABLE	Low Grade	0.65	0.635	0.72	0.23	4,572	4,709
TOTAL PROVEN + PROBABLE			3.63	2.53	0.55	91,621	64,294

GLOBAL JORC RESOURCES NOTES

1. 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 resource estimates
2. 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 resource estimate
3. 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 resource estimate
4. 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
5. Grade Tonnage Reported above a Cut-off Grade of 0.9% Copper
6. Grade Tonnage Reported above a Cut-off Grade of 0.3% Cu for Oxide Resources
7. 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
8. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves

CAUTIONARY AND 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 or 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.

The stated Production Target is based on the Company’s current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

Additional Information - All project costs in US\$