



# **BUILDING COPPER MINES IN BRAZIL**

**ANNUAL GENERAL MEETING PRESENTATION MAY 2016**

# THE COMPANY

ENHANCING SHAREHOLDER VALUE THROUGH PRODUCTION,  
DISCOVERIES & ACQUISITIONS



- Focus on high grade and low capex / opex projects in Brazil
- 100%-ownership of large holding in mining friendly jurisdiction in proximity to large copper and iron ore mines
- First open pit operation commissioned in April 2016 with initial production forecast at 12,000 tpa copper with 7,000oz gold credits
- Underground project has potential to increase Avanco's production to ~50,000 tpa copper in 4 - 5 years\*
- Well positioned to execute growth strategy and establish Avanco as a profitable long life producer

\* Refer to Cautionary Statement on slide 21

# C O R P O R A T E

EMERGING MID-TIER COPPER COMPANY



- Avanco is supported by respected institutional shareholders – currently holding 57% of the issued capital
- Strong balance sheet with US\$20m cash at the end of March 2016 quarter (before receipt of provisional sales)
- Fully funded to commercial production
- Debt and covenant free

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

ASX Code	AVB
Issued shares	2,457m
Options	152m
52 week range	AU\$0.05 - \$0.09
Market cap at \$0.07	~AU\$172m
Cash (31 March 2016)	~AU\$26.5m
Enterprise value	~AU\$145.5m

Analyst Coverage	Recommendation
Hartleys	Buy
Numis	Spec Buy

# THE BOARD

EXTENSIVE GLOBAL MINING INDUSTRY EXPERIENCE

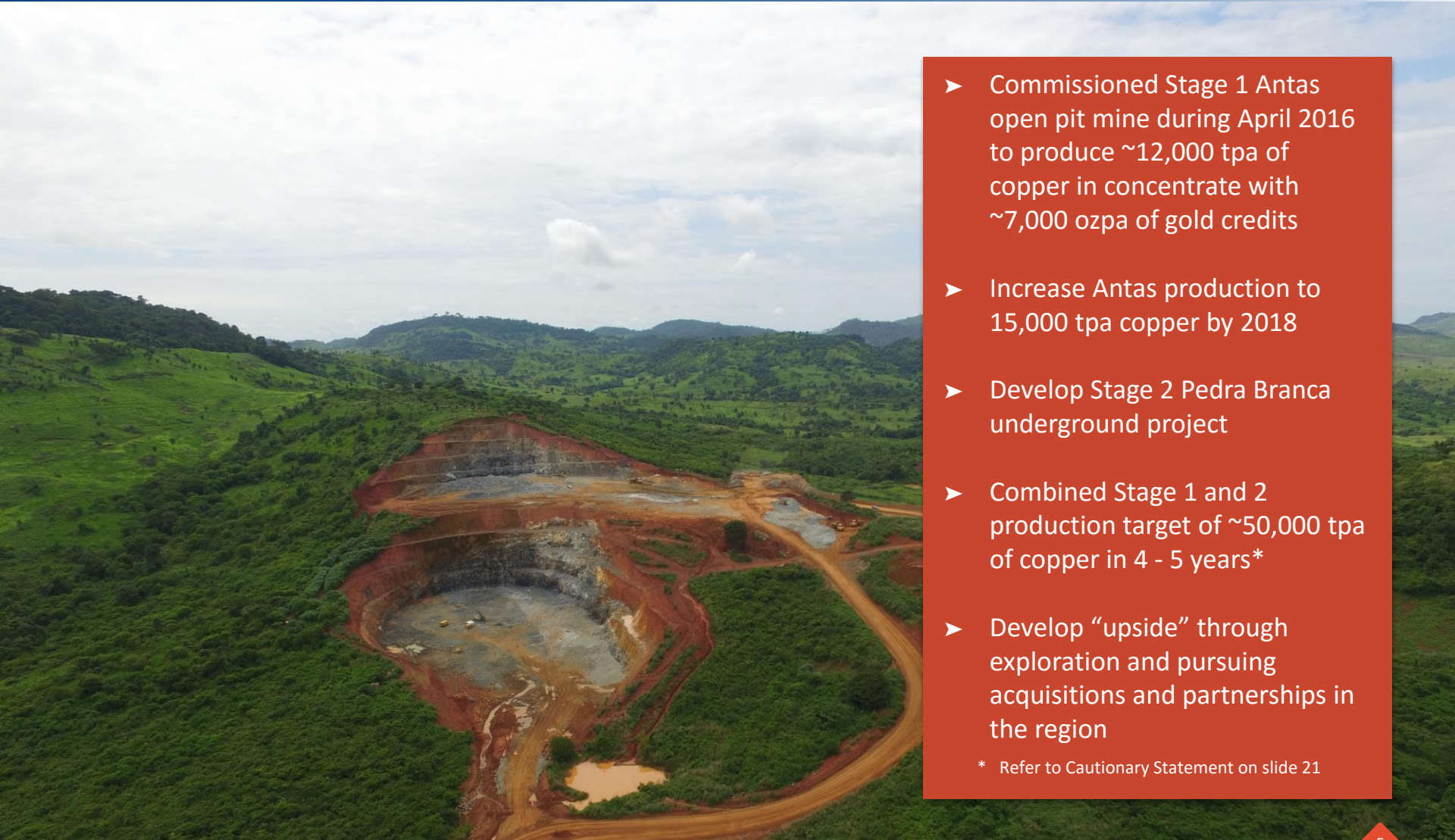


- International and Brazilian mining professionals
- Majority of Board Portuguese speaking and reside in Brazil
- Experience in copper production across all levels / disciplines
- Move to greater independence to align with established corporate governance policies

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 & CoSec	Chartered Accountant		40%	
Vernon Tidy	Independent Director	Chartered Accountant			

# DEVELOPMENT STRATEGY

TARGETING TO BECOME A 50,000tpa COPPER PRODUCER IN STAGES

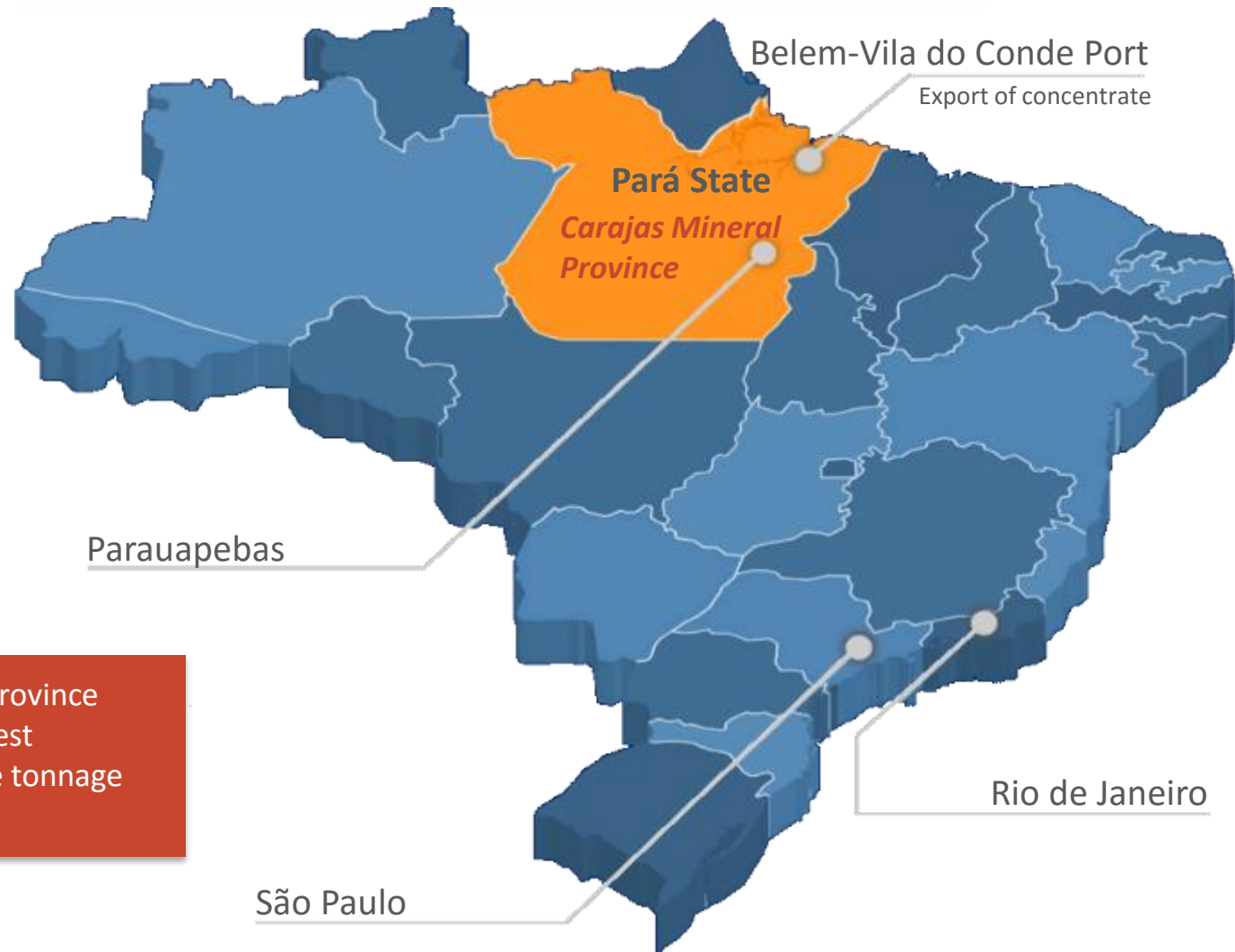


- ▶ Commissioned Stage 1 Antas open pit mine during April 2016 to produce ~12,000 tpa of copper in concentrate with ~7,000 ozpa of gold credits
- ▶ Increase Antas production to 15,000 tpa copper by 2018
- ▶ Develop Stage 2 Pedra Branca underground project
- ▶ Combined Stage 1 and 2 production target of ~50,000 tpa of copper in 4 - 5 years\*
- ▶ Develop “upside” through exploration and pursuing acquisitions and partnerships in the region

\* Refer to Cautionary Statement on slide 21

# PROJECT LOCATION

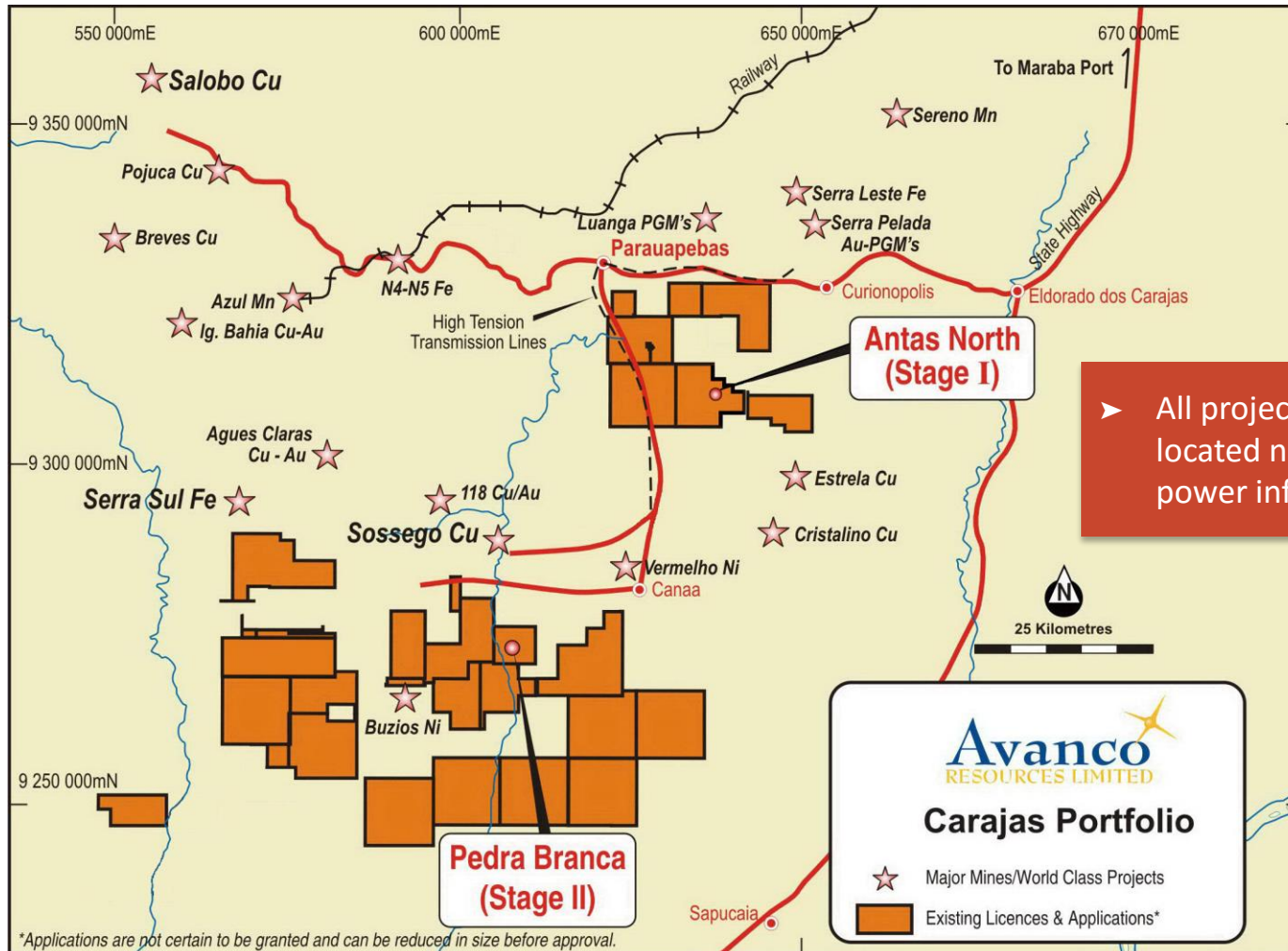
ONE OF THE BEST ENDOWED MINERAL DISTRICTS IN THE WORLD



- ▶ The Carajas Mineral Province hosts the world's largest concentration of large tonnage IOCG deposits

# PROJECT HOLDING

100%-OWNED PORTFOLIO COVERING 1,800 km<sup>2</sup>



# ANTAS STAGE 1 MINE PHYSICALS

7-YEAR MINE LIFE WITH UPSIDE



- ▶ Proved & Probable Ore Reserve: 3.63 million tonnes at 2.53% copper and 0.55g/t gold\*
- ▶ 800,000tpa plant capacity not fully utilised – provides redundancy and opportunities to increase production
- ▶ During production, ore will be stockpiled as a contingency against interruptions due to weather
- ▶ Significant additional Mineral Resources are situated at depth and nearby at Antas South.\* The economics of exploiting these are being investigated

Parameter	
<b>Mining</b>	Conventional open pit: drill & blast, load & haul
<b>Mine Plan</b>	~500,000tpa ROM ore, 7.1 LOM waste: ore ratio
<b>Mine Grade</b>	Year 1 – 3: ~2.1% Cu, LOM (7 years): 2.4% Cu
<b>Plant Design</b>	800,000tpa, crush, grind, float and filter
<b>Recoveries</b>	94 - 97% for Cu, ~ 90% for Au into a 28% concentrate at 8% moisture

\* Refer Mineral Resources & Ore Reserves on slide 20



# ANTAS NOW IN PRODUCTION

12,000tpa OF COPPER IN CONCENTRATE + 7,000ozpa GOLD CREDITS



- ▶ Provisional payments received for 6,500 tonnes of concentrate
- ▶ First of two offtake contracts signed on very competitive terms for clean concentrate
- ▶ On target to achieve commercial production in July 2016
- ▶ Expansion to 18,000 tpa applied for

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

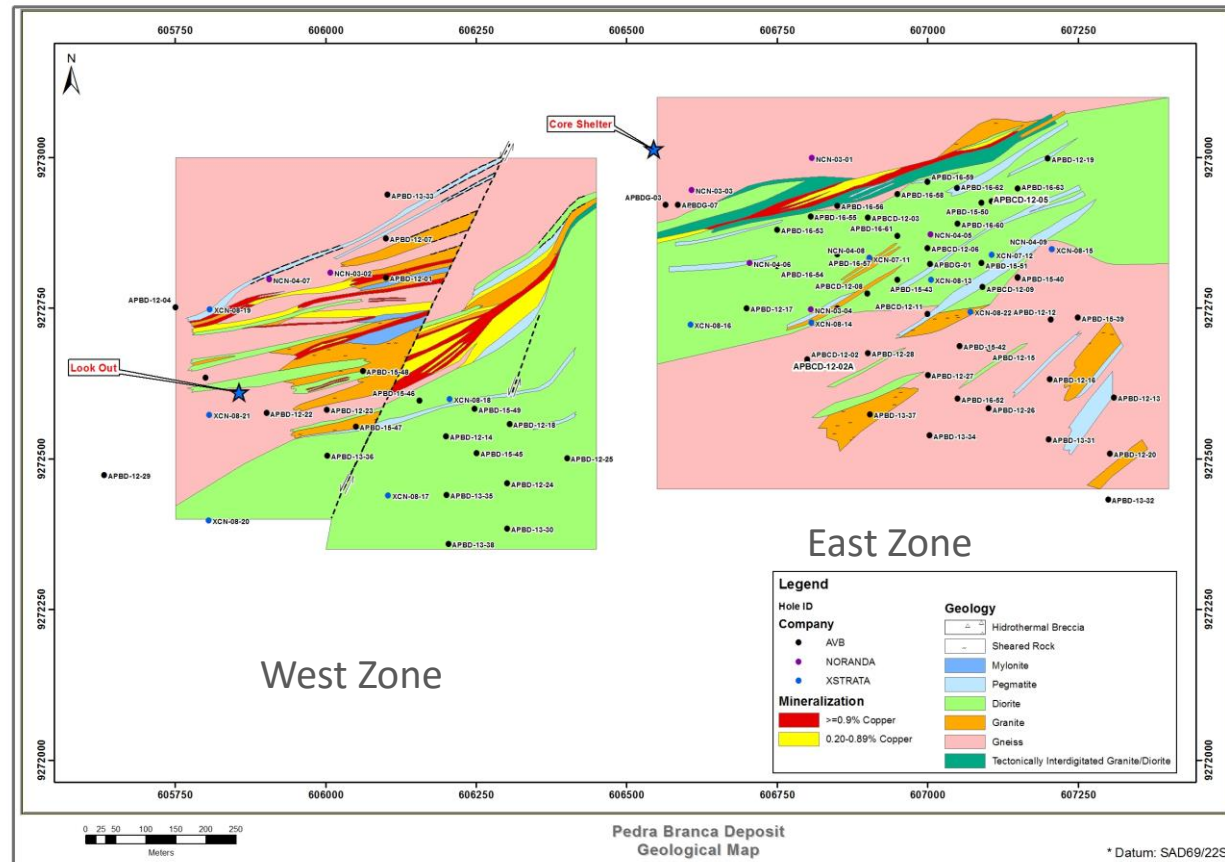
Parameter	
Mine gate cost	US\$0.48/lb Cu
C1	US\$0.93/lb Cu
C3	US\$1.46/lb Cu
AISC	US\$1.61/lb Cu
LOM EBITDA	US\$330 million

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

# PEDRA BRANCA - STAGE 2

## SIGNIFICANTLY LARGER, HIGH GRADE RESOURCE

- Measured, Indicated & Inferred Resource: 17.67 million tonnes at 2.44% copper and 0.65g/t gold\*
- Comprises “East” and “West” zones
- East: higher grade, wider and well understood. West: more complex, requires further drilling
- Significant upside along strike and at depth on both East and West

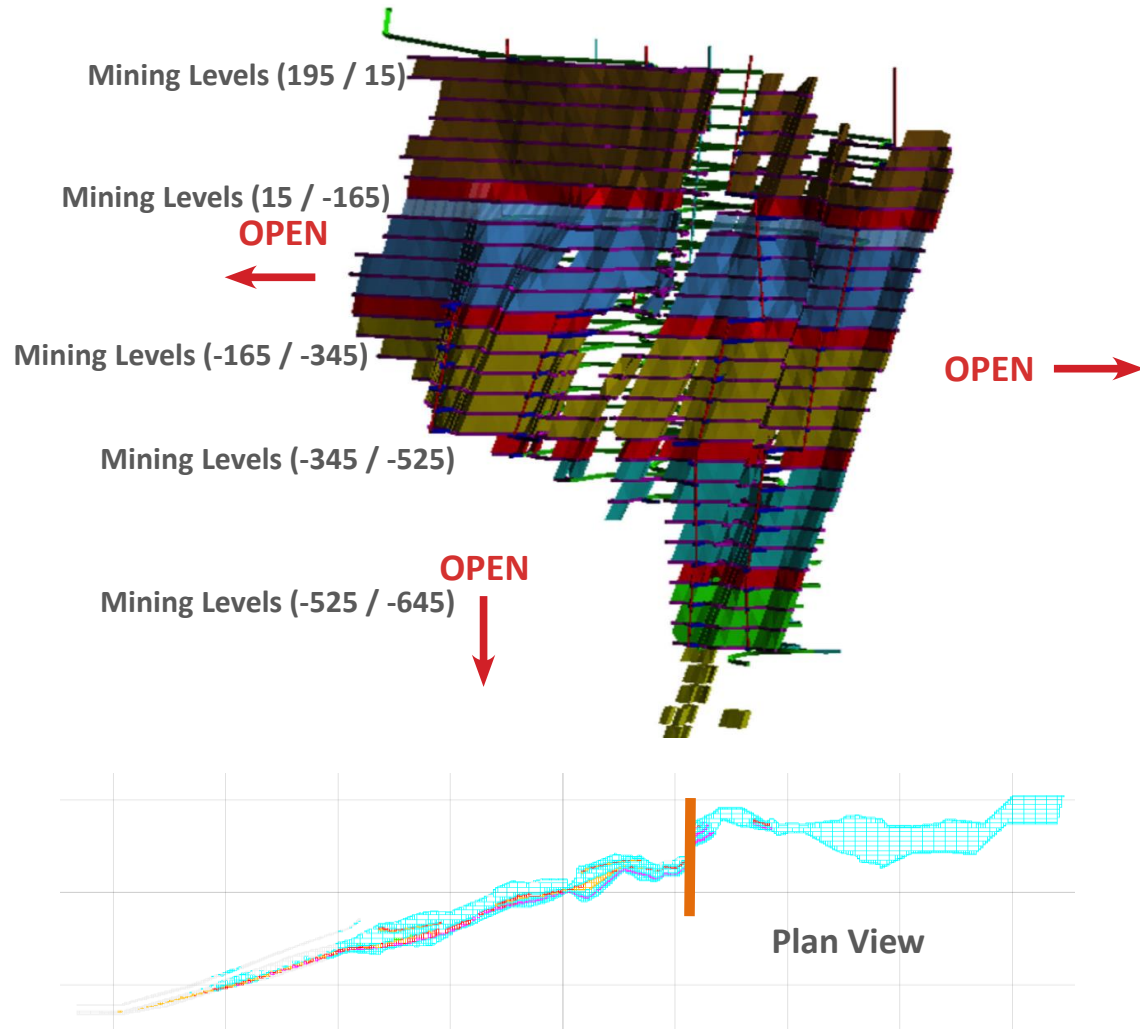


\* Refer Mineral Resources on slide 20

# PEDRA BRANCA - STAGE 2

INITIAL, LOW-CAPEX PRODUCTION FROM EAST ZONE

- ▶ East averages ~15m in width. Ideal for high grade, low-capex “starter mine” that can be expanded into a larger scale underground operation targeting ~35,000tpa copper + gold credits
- ▶ Steep dip and competent wall rocks suitable for large tonnage, cost efficient sub-level open stoping operation
- ▶ Evaluation Study in progress targeting low capex, initial development of high grade hangingwall lode in East as first step towards full scale commercial production as market conditions improve



# PEDRA BRANCA - STAGE 2

INITIAL, LOW-CAPEX PRODUCTION FROM EAST ZONE



- ▶ Hangingwall lode is the largest and most continuous high grade zone in East. Averages ~7m in width
- ▶ Measured & Indicated Resource: 4.5 million tonnes at 2.8% copper and 0.7g/t gold\*
- ▶ Mine development (portal, ramp etc) will be the same as required for full scale operation
- ▶ Metallurgical testwork shows Pedra Branca to be similar to Antas

\* Refer Mineral Resources on slide 20

# PEDRA BRANCA - STAGE 2

FAVOURABLY LOCATED TO EXISTING INFRASTRUCTURE



- ▶ Surface rights acquired. Site office and services established
- ▶ Good infrastructure and access to Antas plant facilitating near term increase in annual copper production
- ▶ Current study evaluating 1,000t/day start-up operation
- ▶ Study on track for delivery Q3 / Q4 2016

# EXPLORATION

LARGE FOOTPRINT IN WORLD CLASS PROVINCE

- ▶ Carajas Mineral Province has the highest concentration of large tonnage IOCG deposits in the world
- ▶ Avanco has secured 1,800km<sup>2</sup> of exploration ground\* – second only to Vale
- ▶ High probability of further exploration success for copper, gold, nickel & PGE's from ongoing regional program over several targets
- ▶ Actively pursuing new acquisitions or partnerships with neighbouring majors

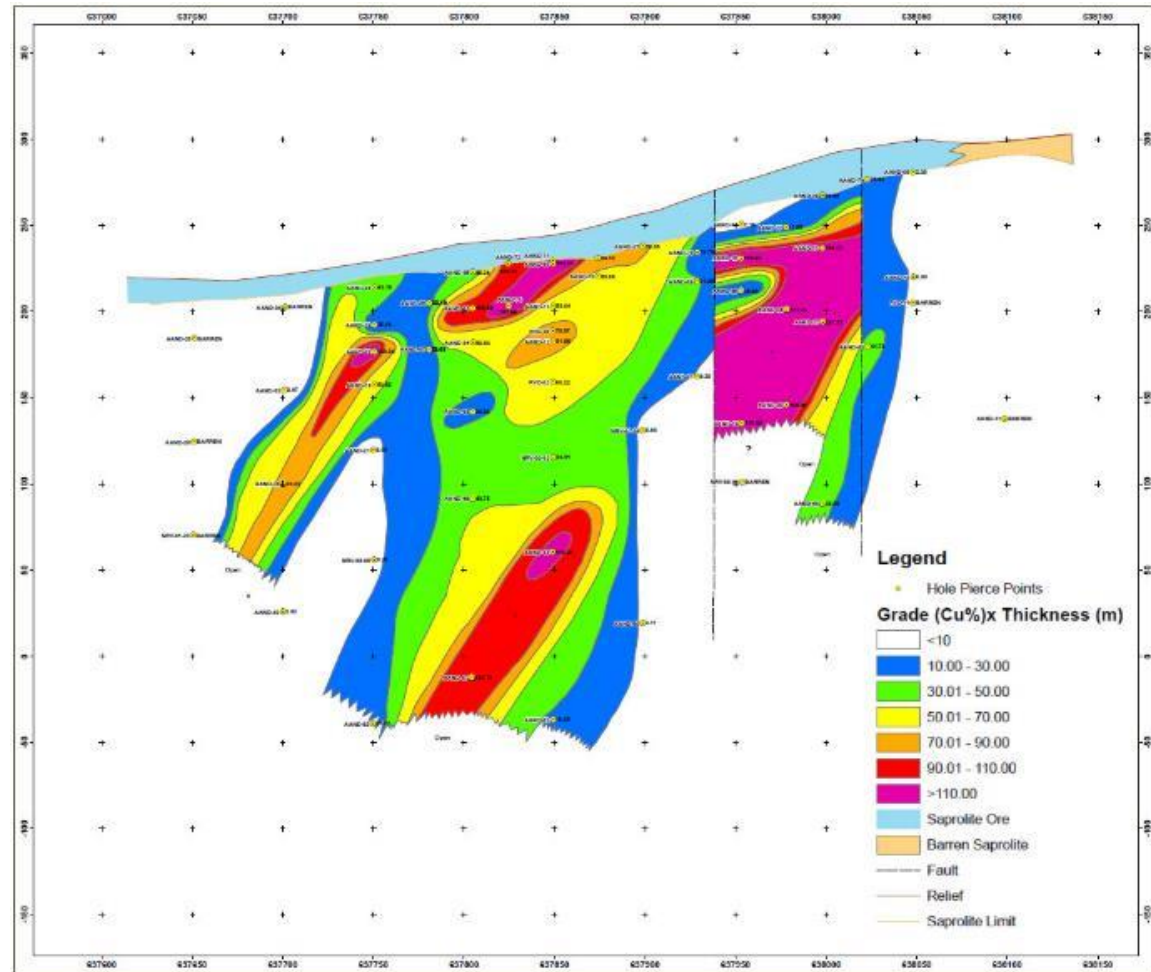
\* Tenure in various stages of approval or under application



# ANTAS – NEAR MINE TARGETS

## DEPTH POTENTIAL CONSTRAINED BY DRILLING

- Significant copper sulphide mineralisation extending from base of planned open pit intersected in wide spaced drilling
  - 79.75m at 1.42% Cu and 0.20g/t Au from 223m
  - 19.85m at 1.84% Cu and 0.41g/t Au from 306m
  - 35.75m at 1.88% Cu and 0.42g/t gold from 337m
  - 6.10m at 6.37% Cu and 0.33g/t gold from 223.70m
- High grade, south-west plunging shoots targeted for future underground development

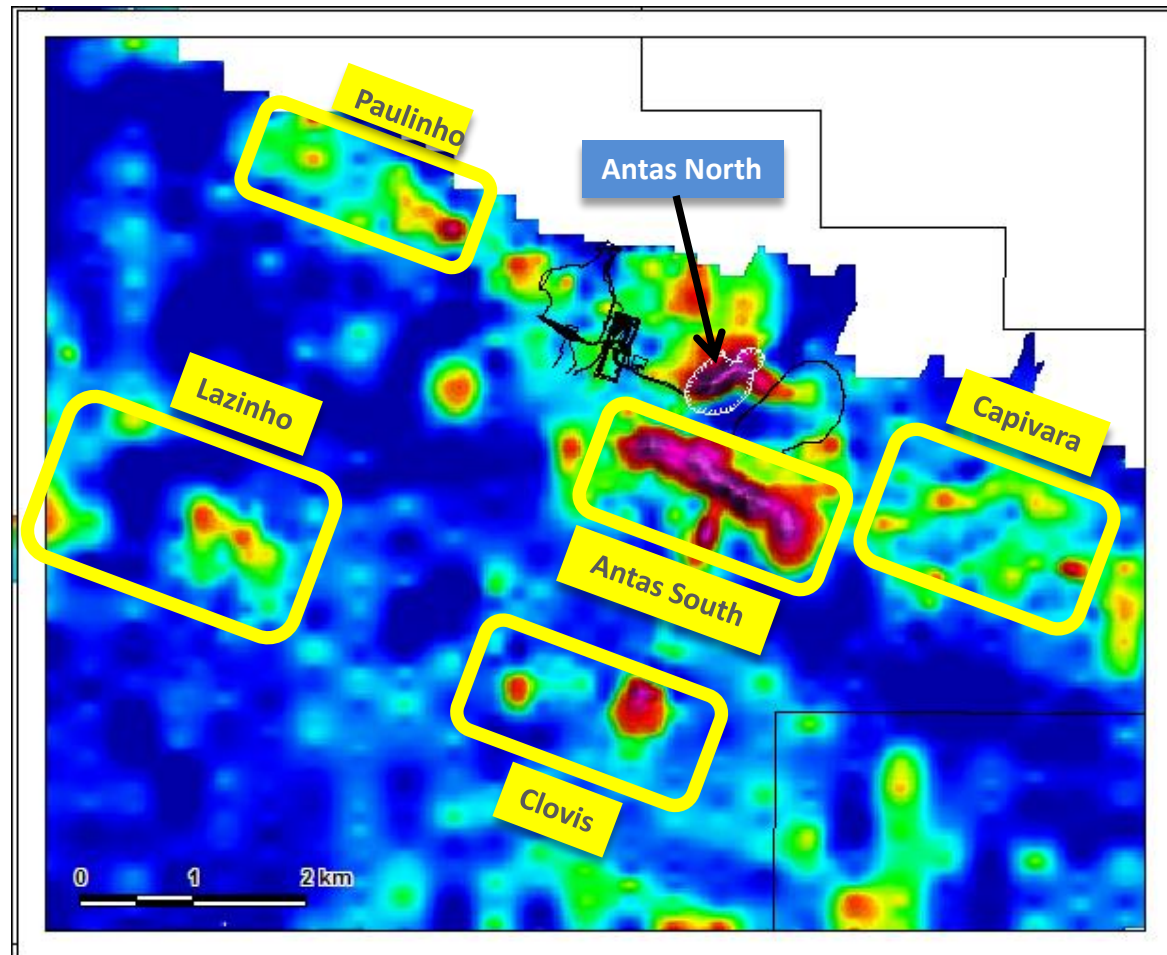




# ANTAS – NEAR MINE TARGETS

## MULTIPLE EARLY STAGE COPPER SULPHIDE TARGETS

- ▶ Copper sulphides intersected below large copper oxide resource at Antas South\* including 8.5m at 2.63% Cu and 31m at 1.4% Cu
- ▶ Other copper sulphide intersections from limited drilling include:
  - ▶ Lazinho - 26m at 0.71% Cu
  - ▶ Paulinho - 126m at 0.21% Cu
  - ▶ Clovis - 17m at 2.2% Cu
- ▶ Numerous magnetic anomalies remain untested

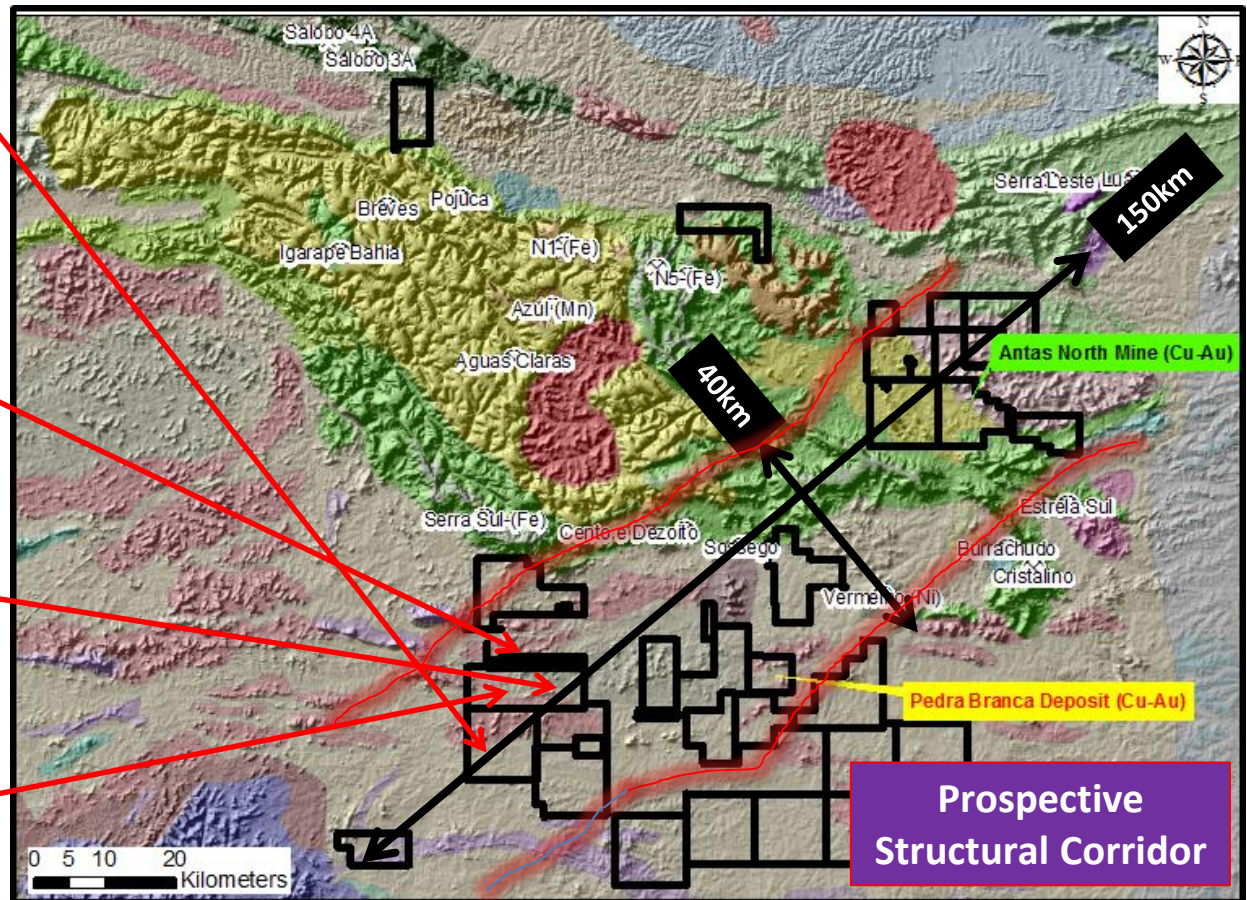


\* Refer Mineral Resources on slide 20

# REGIONAL TARGETS

STRATEGICALLY LOCATED PROXIMAL TO MAJOR MINING OPERATIONS

- ▶ São Pedro Licence:
  - ▶ Medalha & Vanderlan IOCG targets
  - ▶ Macacos Ni targets
- ▶ Nova Esperança IOCG target 9km of strike
  - ▶ 17.1m at 1.02% Cu from 150m
- ▶ São Jorge IOCG target
  - ▶ 17.4m at 1.21% Cu from 158m
- ▶ União IOCG target
  - ▶ 0.4m at 3.25% Cu from 117m



- ▶ Avanco is an aspiring mid-tier mining company
- ▶ Avanco is now the second copper producer in the Carajas behind Vale
- ▶ The high grade / low cost Antas open pit operation is financially robust in low copper price environment
- ▶ Avanco has signed an offtake agreement for the sought after clean Antas concentrate on very attractive terms
- ▶ Planning underway to develop the significantly larger Pedra Branca underground project and establish Avanco as a profitable, long life mining company producing ~50,000tpa copper
- ▶ Evaluation Study well advanced on start-up operation for Pedra Branca underground mine
- ▶ Supported by respected institutional shareholders
- ▶ Actively pursuing new opportunities to enhance shareholder value

# MINERAL RESOURCES & ORE RESERVES

## CARAJAS - TOTAL JORC Reported Mineral Resources<sup>1,2,3,4</sup>

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (g/t)	Copper Metal (T)	Gold Metal (Oz)
PB East <sup>5</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>5</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>
PEDRA BRANCA	<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>5</sup>	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
	<b>Total</b>	<b>6.38</b>	<b>2.38</b>	<b>0.50</b>	<b>152,000</b>	<b>102,000</b>
ANTAS SOUTH <sup>6</sup>	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
	<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>34.13</b>	<b>1.95</b>	<b>0.49</b>	<b>664,000</b>	<b>524,000</b>

## ANTAS NORTH – JORC Reported Ore Reserves<sup>7,8</sup>

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
<b>PROVEN + PROBABLE ROM ORE</b>			<b>2.649</b>	<b>3.19</b>	<b>0.66</b>	<b>84,518</b>	<b>56,277</b>
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
<b>TOTAL PROVEN + PROBABLE</b>			<b>3.63</b>	<b>2.53</b>	<b>0.55</b>	<b>91,621</b>	<b>64,294</b>

## JORC COMPLIANCE NOTES

1. Refer ASX Announcement “Resource Upgrade Advances Pedra Branca Development Strategy”, 26 May 2016, 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.
9. The information in this presentation that relates to 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.

## 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.
- All project costs are in US\$



#### **Corporate Office**

Level 3, 680 Murray Street  
WEST PERTH WA 6005 Australia  
Phone: +61 8 9324 1865  
Fax: +61 8 9200 1850  
Email: [info@avancoresources.com](mailto:info@avancoresources.com)

#### **Brazil Office**

Av. Jornalista Ricardo Marinho, 360  
Sala 113Ed. Cosmopolitan Barra da Tijuca  
Rio de Janeiro CEP 22631-350 Brazil  
Phone and Fax: +55 21 2439 5700  
Regional (Site) Office – Parauapebas,  
Brazil Phone: +55 94 3346 3951