

Avanco Resources (ASX: AVB)

Level 3, 680 Murray Street
West Perth, WA 6005

PO Box 1726
West Perth, WA 6872

Tel: +61 8 9324 1865
Fax: +61 8 9200 1850

Contacts:

Tony Polglase
Managing Director
info@avancoresources.com

Phil Retter
Investor Relations
NWR Communications
phil@nwrcommunications.com.au
Tel: +61 407 440 882

For the latest news:

www.avancoresources.com

Directors / Management:

Colin Jones
Tony Polglase
Simon Mottram
Wayne Phillips
Scott Funston
Luis Azevedo
Vern Tidy
Otávio Monteiro

ASX ANNOUNCEMENT

9 June 2016

ANTAS ON TRACK FOR COMMERCIAL PRODUCTION

The Company is pleased to provide the following update on commissioning activities at the Antas Copper Mine, where progress towards steady-state production and sales is very encouraging.

AVANCO – CONTAINED METAL PRODUCTION¹

CY 2016	Q1	April	May	Totals to 31 May
Copper (tonnes)	603	1,065	978	2,646
Gold (ounces)	351	609	768	1,728

STRONG START TOWARDS COMMERCIAL PRODUCTION

- Ramp-up well on track to steady-state operations of 1,000 tonnes per month of copper in concentrate
- Mining activities delivering tonnes and grade to plan
- Flotation performance confirms simple ore mineralogy
- 2,646 tonnes of copper and 1,728 ounces of gold produced^{1,2}
- 2,120 tonnes of copper and 1,288 ounces of gold shipped^{1,2}
- 288 tonnes of copper in concentrate stockpile²
- Provisional invoices for US\$8.5m received with a further US\$1.8m outstanding
- Balance sheet remains strong, debt and covenant free

ANTAS COPPER MINE (100% Avanco)

The Antas mine is delivering a strong performance with copper and gold production exceeding expectations for the April to May period.

Open pit operations continued to plan in terms of both grade and tonnes extracted. Grade control results continue to reconcile well with the resource model.

Early difficulties experienced with oversize ore have been mitigated following refinements to drill and blast practices.

Plant performance during the period has been encouraging with 95,660 tonnes assaying 2.3% copper and 0.5g/t gold milled for the April to May period. Flotation recoveries continue to improve and typical teething problems remediated

Sales and logistics are working well with 10 shipments of copper concentrate already delivered to customers with another shipment in transit.

Provisional sales amounted to US\$10.3m to 31 May 2016.

CORPORATE

Since start-up, the mine has produced at a rate equal to the planned steady-state production target of 1,000 tonnes of copper metal with gold credits per month so far exceeding all ramp-up expectations.

Cash at the end of May was approximately US\$19.8m This cash position compares favourably with the US\$20.7m cash balance at end of the March quarter, illustrating the exceptional ramp-up and sales performance since the end of construction.

Antas remains on target to achieve commercial production in July.

Tony Polglase
Managing Director

1. Numbers may be subject to change following end of Q2 reconciliations
2. Approximate value on 31 May 2016

ABOUT AVANCO

- Avanco (ASX: AVB) is an emerging mid-tier copper company situated in the mining friendly, world class Carajas Mineral Province of Brazil
- Avanco either owns, or holds the rights to 100% of the second largest area of mineral tenure in the Carajas region behind Vale SA
- The Company is well positioned to potentially operate a number of high grade, low cost copper-gold mines in the region, which will establish Avanco as a profitable long life producer
- Management has been successful in financing the development of Antas via an equity capital raising placing Avanco in a strong position being fully funded into production whilst remaining debt and covenant free
- The commissioning of Antas and ramp-up to commercial production is advancing to plan and is expected to produce around 12,000tpa of copper in concentrate (with 7,000ozpa of gold credits) from 2016, increasing to 15,000tpa by 2018
- Antas is producing a desirable, clean copper concentrate and the Company has executed a three-year offtake contract
- The future development of the nearby Pedra Branca underground project has the potential to increase Avanco's production to ~50,000tpa of copper in 4-5 years. Study of an initial, smaller scale operation is at an advanced stage as a pre-cursor to full scale development
- The Company is supported by institutional shareholders with Blackrock World Mining Trust, Appian Natural Resources Fund, Greenstone Resources and Glencore currently holding ~57% of the issued capital
- Avanco is managed by highly experienced international and Brazilian mining professionals, most of whom are Portuguese speaking and reside in Brazil
- Whilst near term priorities are focused on mine life growth, Brazil offers significant opportunities to enhance shareholder value through new discoveries, acquisitions or partnerships with neighboring majors and other companies

For further information, please contact:

Phil Retter

Investor Relations

phil@nwrcommunications.com.au

Tel: +61 407 440 882

