

Avanco Resources (ASX:AVB)

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ASX ANNOUNCEMENT

4 July 2016

COMMENCEMENT OF COMMERCIAL PRODUCTION

The Company is pleased to advise that following the highly successful commissioning and ramp-up of the Antas Copper Project, commercial production has been declared effective from 1 July 2016.

JUNE 2016 QUARTER PRELIMINARY METAL PRODUCTION

| CY 2016 | Q1 | April | May | June | YTD 30 June 2016 |
|-------------------|------------|--------------|------------|--------------|---------------------|
| Copper (t) | 603 | 1,065 | 978 | 1,074 | 3,720 |
| Gold (oz) | 351 | 609 | 768 | 883 | 2,611 |

- **Steady-state production of approximately 1,000 tonnes per month of copper metal in concentrate achieved over 3 consecutive months**
- **Preliminary total of 3,117 tonnes of copper and 2,260 ounces of gold produced during the June Quarter**
- **Commercial production declared effective 1 July 2016 for an annualised output of 12,000t of copper in concentrate and 7,000oz of gold by-product credits**

SEPTEMBER QUARTER PRODUCTION GUIDANCE

- **Production guidance for the third quarter is approximately 3,000 tonnes of copper and 1,750 ounces of gold**

Further details including final mine production, sales and costs will be available in the June Quarterly Report.

Tony Polglase
Managing Director

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 establishing Avanco as a profitable long life producer
- Management has been successful in financing the development of the Antas Copper Mine via an equity capital raising placing Avanco in a strong position being fully funded into production whilst remaining debt and covenant free
- The Antas was built on time, under budget with an exceptional commissioning and ramp-performance during Q2 2016
- Commercial production was declared in July 2016 for 12,000tpa of copper in concentrate and 7,000ozpa of gold bi-product credits
- Management believe Antas can likely be increased to 15,000tpa by 2018 as a result of additional ore supply from Pedra Branca and or new near mine discoveries
- Avanco has engaged MACA, an Australian mining contractor group for the Antas open pit
- 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: Blackrock World Mining Trust, Appian Natural Resources Fund, Greenstone Resources and Glencore
- 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 *life-of-mine* growth, Brazil offers significant opportunities to enhance shareholder value through new discoveries, acquisitions or partnerships with neighboring majors and other companies

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