Avanco
RESOURCES LIMITED

ABN 85 126 379 646

Annual Report

30 June 2014

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CORPORATE DIRECTORY

Directors
Mr Colin Jones (Non-Executive Chairman)
Mr Anthony Polglase (Managing Director)
Mr Scott Funston (Executive Director)
Mr Simon Mottram (Executive Director)
Mr Wayne Phillips (Executive Director)
Mr Luis Azevedo (Non-Executive Director)

Company Secretary
Mr Scott Funston

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Securities Exchange
The Company's securities are quoted
on the official list of the Australian Securities
Exchange Limited, the home branch being Perth.
ASX Code: AVB

Directors' Report

The Directors present their report for Avanco Resources Limited ("Avanco" or "the Company") and its subsidiaries for the year ended 30 June 2014 ("the Group").

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Colin Jones

Non-Executive Chairman

Mr Jones started his mining career with British Coal in South Wales and following Coal Mine certification completed a mining degree at Cardiff University in the UK. Several years of contract management followed with Thyssens, supervising development, including mechanised mine development and shaft sinking activities. His executive mine management experience culminated at Rio Tinto's world class Copper Mine in Portugal where he was the Project Manager and later became the Director of Production. Mr Jones consulting expertise includes 10 years with Rio Tinto Technical Services where, as Principal Consultant, he consulted globally. Mr Jones was responsible for the underground development of the Fortaleza Nickel Mine in Brazil and was a core consultant for the underground development at the Palabora mine in South Africa. Mr Jones is an independent consultant, has an MBA, speaks Portuguese and maintains a residence in Brazil.

Mr Jones has not held any other listed directorships over the past three years.

Mr Anthony Polglase

Managing Director

With over 30 years multi-disciplined mining experience across ten different countries, Mr Polglase is qualified in mechanical and electrical engineering with an honours degree in Metallurgy from the Camborne School of Mines, UK and is fluent in Portuguese. Mr Polglase has acquired detailed knowledge relating the development and operation of gold, copper, lead, zinc and tin projects and has either been responsible for or closely involved with the commissioning of more than seven mining projects. Project management including critical evaluation, implementation and commissioning are Mr Polglase's strengths. Mr Polglase has a demonstrated ability of successfully bringing projects on line in the most challenging of environments.

Mr Polglase was a Director of Overland Resources Limited (appointed 17 January 2008, resigned 29 February 2012), Castillo Copper Limited (appointed 1 April 2010, resigned 19 November 2012), Triumph Tin Limited (appointed 1 February 2012, resigned 26 June 2014) and Black Star Petroleum Limited (appointed 28 February 2013, resigned 4 July 2014). He has not held any other listed directorships over the past three years.

Mr Scott Funston

Executive Director

Mr Funston is a qualified Chartered Accountant and Company Secretary with more than 10 years' experience in the mining industry and the accounting profession. His expertise is financial management, regulatory compliance and corporate advice. Mr Funston possesses a strong knowledge of the Australian Securities Exchange requirements and currently assists or has previously assisted a number of resources companies operating throughout Australia, South America, Asia, USA and Canada with financial accounting, stock exchange compliance and regulatory activities.

Mr Funston was a Director of Highfield Resources Limited (appointed 2 November 2012, resigned 28 February 2014), The Waterberg Coal Company Limited (appointed 5 April 2013, resigned 17 March 2014), Castillo Copper Limited (appointed 19 November 2012, resigned 1 April 2014) and Lindian Resources Limited (appointed 5 May 2011, resigned 3 July 2014). He has not held any other listed directorships over the past three years.

Mr Simon Mottram

Executive Director

Mr Mottram is a geologist with over 20 years' experience predominantly in iron oxide copper gold, nickel sulphide and precious metals. Having held senior management positions with a number of successful mining companies both in Australia and overseas Mr Mottram has extensive knowledge in base and precious metal evaluations, and has seen a number of discoveries advanced through to commercial mine development and has been central to several significant exploration successes.

His exploration experience aligns extremely well with Avanco's projects and Mr Mottram is an expert in the application of modern exploration techniques, large-scale drill programmes and feasibility studies. Mr Mottram is a graduate of Melbourne RMIT University, a Fellow of the AusIMM, speaks Portuguese, and assumes responsibility for all of the company's exploration activities.

Mr Mottram was a Director of Triumph Tin Limited (appointed 1 February 2012, resigned 4 July 2014). Mr Mottram has not held any other listed directorships over the past three years.

Mr Wayne Phillips

Executive Director

Mr Phillips is a Brazilian national and outstanding industry professional with a solid track record of project management and access to an extensive Brazilian network. In 1977, as a chemical engineering graduate from the University of Rhodesia, Mr Phillips migrated to Brazil and established a very successful metallurgical consulting business. Mr Phillips has been credited with participating in the engineering and commissioning of the Cariaba Copper Smelter and the design and construction of a number of small copper mines in northern Brazil.

Mr Phillips has acquired significant international experience working with engineering groups including SNC Lavalin, Kvaerner and Minproc. As an expert in sulphide flotation Mr Phillips has participated in more than a dozen feasibility studies and adjudicated the award of and supervision of numerous construction contracts.

For the last ten years Mr Phillips has been Technical Director for Kinross Gold South America and has played a pivotal role in the expansion of Kinross's giant Paracatu Gold Mine in Brazil.

Mr Phillips has not held any listed directorships over the past three years.

Mr Luis Azevedo

Non-Executive Director

Mr Azevedo is an outstanding resource industry professional with over 35 years of international experience. Mr Azevedo qualified as a geologist at the University of Rio de Janeiro in 1985 and subsequent to working as a geologist he completed a law degree at the University of Candido Mendes in 1992 and obtained his Masters of Law from Pontifical Catholic University Rio de Janeiro in 1994.

Mr Azevedo has held senior positions with major resource companies including Western Mining Corporation, Barrick Gold and Harsco. In 2004 he founded the very successful legal firm FFA Legal based in Rio de Janeiro, which provides specialist legal and technical support to resource companies operating in Brazil. He is based in Rio de Janeiro, Brazil and is a Brazilian citizen.

Mr Azevedo is currently a Director of TSX listed company Talon Metals (appointed 5 April 2005), as well as ASX listed Triumph Tin Limited (appointed 15 March 2012) and Over The Counter (OTC) exchange traded Brazil Minerals Inc. (appointed 1 January 2014). Mr Azevedo was a Director of TSX listed company Rio Verde Minerals (appointed 1 December 2010, resigned 1 March 2013) and Brazilian Gold Corporation (appointed 22 June 2011, resigned 1 January 2014).

Mr Matthew Wood (resigned 22 September 2014)

Non-Executive Director

Mr Wood has over 23 years' experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr Wood has an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines and is a member of the AusIMM. Mr Wood is a founding Director in venture capital and advisory firm Garrison Capital Pty Ltd.

Mr Wood was a Director of Signature Metals Limited (appointed 19 February 2007, resigned 13 February 2012). Mr Wood is currently a Director of Caravel Energy Limited (appointed 29 May 2009), Voyager Resources Limited (appointed 12 June 2009), Haranga Resources Limited (appointed 2 February 2010), Lindian Resources Limited (appointed 5 May 2011), Wolf Petroleum Limited (appointed 24 April 2012), Black Star Petroleum Limited (appointed 28 February 2013), Triumph Tin Limited (appointed 1 April 2014) and Castillo Copper Limited (appointed 1 April 2014). Mr Wood was a Director of Hunnu Coal Limited (appointed 19 August 2009, resigned 31 December 2013) a former ASX listed company. He has not held any other listed directorships over the past three years.

COMPANY SECRETARY

Mr Funston is the Company Secretary.

INTERESTS IN THE SECURITIES OF THE COMPANY^

As at the date of this report the interests of the Directors in the securities of Avanco Resources Limited are:

Director	Ordinary Shares	Options over Ordinary Shares exercisable at 12 cents each	Options over Ordinary Shares exercisable at 15 cents each
M. Wood	29,853,743	7,500,000	-
A. Polglase	6,162,693	30,000,000	-
S. Funston	1,557,728	5,000,000	-
S. Mottram	1,356,974	20,000,000	-
W. Phillips	150,000	5,000,000	-
C. Jones	782,120	5,000,000	5,000,000
L. Azevedo	768,750	10,000,000	-

^ Includes shares and options held directly, indirectly and beneficially by key Management Personnel.

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Avanco Resources for the year to 30 June 2014 was $1,119,123 (2013: $2,243,417).

DIVIDENDS

No dividend was paid or declared by the Group in the year and up to the date of this report.

CORPORATE STRUCTURE

Avanco Resources Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration. The Group currently holds base metal projects in Brazil.

EMPLOYEES

The Group has 15 employees at 30 June 2014 (2013: 13).

REVIEW OF OPERATIONS

Highlights

- Full Mining License Granted for Antas North (Stage 1)
- Maiden JORC Reported Ore Reserves (September 2014):

ANTAS NORTH – JORC Reported Ore Reserves. August 2014							
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	50137	33046
Probable	**ROM Ore**	**0.90**	1.264	2.72	0.57	34381	23231
PROVEN + PROBABLE ROM ORE			**2.649**	**3.19**	**0.66**	**84518**	**56277**
Proved	**Low Grade**	**0.65**	0.342	0.74	0.30	2531	3308
Probable	**Low Grade**	**0.65**	0.635	0.72	0.23	4572	4709
TOTAL PROVEN + PROBABLE			**3.63**	**2.53**	**0.55**	**91621**	**64294**

- The Company's JORC Reported Mineral Resource Inventory for its Brazilian Stage I & II Projects is now:

STAGE I and STAGE II DETAILED CARAJAS - Total JORC Reported Mineral Resources						
DEPOSIT	**Category**	**Million Tonnes**	**Cu (%)**	**Au (g/t)**	**Copper Metal (T)**	**Gold Metal (Oz)**
PEDRA BRANCA[1]	Inferred	46.82	1.20	0.33	560,000	500,000
	Total	**46.82**	**1.20**	**0.33**	**560,000**	**500,000**
ANTAS NORTH[2]	Measured	2.83	3.01	0.72	85,079	65,578
	Indicated	1.65	2.20	0.42	36,365	22,058
	Inferred	1.9	1.59	0.23	30,242	14,122
	Total	**6.38**	**2.38**	**0.50**	**152,000**	**102,000**
ANTAS SOUTH[3]	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		**63.28**	**1.26**	**0.33**	**797,000**	**667,000**

1. Grade Tonnage Reported above a Cut-off Grade of 0.4% Cu for Primary Resources only
2. Grade Tonnage Reported above a Cut-off Grade of 0.9% Cu for Primary Resources only
3. Grade Tonnage Reported above a Cut-off Grade of 0.3% Cu for Oxide Resources

There has been a very good conversion into the higher confidence measured category compared to the JORC Compliant Resource in the previous year:

STAGE I and STAGE II DETAILED
CARAJAS - Total JORC Reported Mineral Resources*

DEPOSIT	Category	Million Tonnes	Cu (%)	Au (g/t)	Copper Metal (T)	Gold Metal (Oz)
PEDRA BRANCA	Inferred	46.82	1.20	0.33	560,000	500,000
	Total	**46.82**	**1.20**	**0.33**	**560,000**	**500,000**
ANTAS NORTH	Indicated	6.56	1.87	0.46	122,000	98,000
	Inferred	4.48	1.35	0.26	60,000	38,000
	Total	**11.04**	**1.65**	**0.38**	**183,000**	**135,000**
ANTAS SOUTH	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**
GLOBAL TOTAL		**67.94**	**1.22**	**0.32**	**828,000**	**700,000**

*Grade Tonnage Reported above a Cut-off Grade of 0.4% Cu for Sulphide Resources and 0.3% Cu for Oxide resources.

- Avanco's Stage I project is advancing towards production, with key approvals progressing and key terms agreed for US$70M in financing agreed;
- The generation of JORC Reported Proven / Probable Reserves and the preparation of a Life of Mine Schedule is very advanced;
- The Company executed a binding agreement with BlackRock World Mining Trust PLC (BlackRock) for US$12m of production royalty investment;
- Following Banco Votorantim's approval of a (non-binding) term sheet for US$30m of debt they are well advanced in the syndication process for remaining US$28m;
- Environmental approvals necessary for issue of the Mining License have been granted;
- A $23M placement was made to BlackRock and Appian Natural Resources with both funds establishing themselves as substantial shareholders;
- Exploration has identified four priority drill targets;
- Mr Colin Jones was appointed Non-Executive Chairman of the Company.

STAGE I (ANTAS NORTH DEPOSIT)

On 11 September 2014 the Company announced the grant of the full mining license by the Ministry of Mines and Energy of Brazil.

This approval illustrates strong support from both the State and Federal authorities for the implementation of Avanco's development plans, providing a clear pathway towards breaking ground on construction and allows the Company to move much more aggressively in that direction.

Terms of the ML approve establishment of the open pit/mine infrastructures and extends to known copper prospects for ~7,200 hectares and is valid in perpetuity until Reserves are exhausted, including those from new discoveries hosted within its boundaries.

The Maiden JORC Reported Ore Reserves was announced on 17 September 2014 and include projected mining dilution and losses and considers solely sulphide ore, which is amenable to beneficiation by the chosen traditional Froth Flotation process.

The table below illustrates annual production rates in the current Life of Mine (LOM) plan.

YEAR	PLANT PROCESSING			OPEN PIT MINING		
	kt	% Cu	g/t Au	Waste Total kt	Mining Total kt	Strip Ratio Avg.
Pre-Strip				2433	2499	
1	400	3.09	0.62	4443	5101	
2	400	3.57	0.78	4505	5101	
3	400	2.90	0.63	4618	5300	
4	400	2.88	0.73	4567	5000	
5	400	3.02	0.52	4643	5000	
6	400	2.57	0.63	1925	2251	
7	400	2.04	0.47	243	441	
8	400	2.19	0.40	150	446	
9	400	0.94	0.26	42	97	
10	67	0.73	0.23	0	0	
Total	**3,667**	**2.54**	**0.55**	**27,569**	**31,236**	**7.5**

Below shows a tabulated comparison between Antas Mineral Resources and Ore Reserves. Approximately 60% of Ore Reserves classify in the Proved category with the remainder in the Probable category.

72% by contained Copper or 65% by tonnes of Mineral Resources reporting to the Measured + Indicated categories successfully converted to JORC Reported Ore Reserves.

ANTAS NORTH – JORC Reported Ore Reserves. August 2014							
Classification	**Type**	**Economic Cut-Off Cu%**	**Tonnes (Mt)**	**Copper (%)**	**Gold (g/t)**	**Copper Metal (T)**	**Gold (Oz)**
Proven	**ROM Ore**	**0.90**	1.385	3.62	0.74	50137	33046
Probable	**ROM Ore**	**0.90**	1.264	2.72	0.57	34381	23231
PROVEN + PROBABLE ROM ORE			**2.649**	**3.19**	**0.66**	**84518**	**56277**
ANTAS NORTH – SULPHIDE JORC Reported Mineral Resources. April 2014[3]							
Classification	**Type**	**Economic Cut-Off Cu%**	**Tonnes (Mt)**	**Copper (%)**	**Gold (g/t)**	**Copper Metal (T)**	**Gold (Oz)**
Measured	**PRIMARY**	**0.90**	2.48	3.26	0.71	80,724	56,751
Indicated	**PRIMARY**	**0.90**	1.62	2.22	0.42	36,002	21,884
MEASURED + INDICATED			**4.10**	**2.85**	**0.60**	**117,000**	**79,000**

Having compared results above with the ore inventory basis used in the 2013 Antas North Study management's expectations have been surpassed. The high ROM grades continue to be a feature, strip ratio has been reduced slightly, and additional tonnes of copper added to the production inventory. Moreover, no technical or environmental impediments have been identified for Antas, which is situated in an established mining district, close to excellent infrastructure.

The reserves derived from the period under study, provides for an initial LOM of approximately 9 years, however this exercise does not include Mineral Resources falling outside of the Ore Reserves such as the large volume of Inferred Mineral Resources hosted below the current pit floor. Nor does it consider resources hosted at the neighbouring Antas South Deposit some ~300m away. These will all be the targets of future exploration, with a view to either open pit or underground exploitation to extend the mine life of the proposed Antas Copper Mine. The newly granted Mining License is also host to a number of exciting exploration targets, yet to be thoroughly investigated.

Avanco commenced a drilling programme in late 2013 with the objective of re-classifying JORC Code reported Mineral Resources to the Measured and Indicated categories. The Company targeted the upper part of the deposit completing a programme of 23 holes for 2,743m. Diamond drilling was set on a 25m x25m grid to achieve the higher level of confidence associated with the Measured Category.

The Maiden JORC Reported Reserves updated Mineral Resource hav been prepared with an economic mine cut-off grade of 0.9% Copper derived from the previous Stage 1 Economic Study carried out in 2013. The Company believes this more accurately defines Measured/Indicated grade/tonnes that are potentially available for exploitation.

The table below shows the complete JORC (2012) Reported Mineral Resource for Oxides and Sulphides:

ANTAS NORTH –Total JORC Reported Mineral Resource. April 2014 Reported above a Cut-off Grade of 0.9% Cu					
Classification	**Tonnes (Mt)**	**Copper (%)**	**Gold (g/t)**	**Copper Metal (T)**	**Gold (Oz)**
Measured	**2.83**	**3.01**	**0.72**	**85,079**	**65,578**
Indicated	**1.65**	**2.20**	**0.42**	**36,365**	**22,058**
Inferred	**1.90**	**1.59**	**0.23**	**30,242**	**14,122**
TOTAL	**6.38**	**2.38**	**0.50**	**152,000**	**102,000**

Inclusion of the Oxide component in the above increases the Total Mineral Resource to ~6.4 million tonnes. However, mining of oxides falls outside of current interest, with focus on the Sulphide only Mineral Resource which is illustrated below:

ANTAS NORTH – SULPHIDE JORC Reported Mineral Resources. April 2014							
Classification	**Type**	**Economic Cut-Off Cu%**	**Tonnes (Mt)**	**Copper (%)**	**Gold (g/t)**	**Copper Metal (T)**	**Gold (Oz)**
Measured	**PRIMARY**	**0.90**	2.48	3.26	0.71	80,724	56,751
Indicated	**PRIMARY**	**0.90**	1.62	2.22	0.42	36,002	21,884
MEASURED + INDICATED			**4.10**	**2.85**	**0.60**	**117,000**	**79,000**
Inferred	**PRIMARY**	**0.90**	1.90	1.59	0.23	30,184	14,085
TOTAL			**6.00**	**2.45**	**0.48**	**147,000**	**93,000**

The Mineral Resource estimate shows that the better grades, and the majority of tonnes (e.g. **2.48Mt @ 3.26% Copper for ~80,000t of Copper)** are classified as **Measured. This illustrates that 60% of the tonnes are ascribed to the highest confidence "Measured Category".**

The high tenor of chalcopyrite is evident from assays returned from drilling, with sulphide mineralisation results including:

• **31.00m at 2.72% Copper, 0.65g/t Gold from 25.00m**	AAND-067
• **54.00m at 3.03% Copper, 0.33g/t Gold from 25.00m**	AAND-068
• **27.00m at 1.89% Copper, 0.78g/t Gold, from 54.00m**	AAND-070
• **22.30m at 3.70% Copper, 0.23g/t Gold from 20.70m**	AAND-071
• **26.10m at 5.35% Copper, 0.86g/t Gold from 47.90m**	AAND-074
• **33.00m at 3.97% Copper, 1.05g/t Gold, from 86.00m**	AAND-073
• **28.00m at 3.24% Copper, 1.06g/t Gold from 21.00m**	AAND-072
• **5.00m at 4.15% Copper, 0.57g/t Gold from 94.00m** **27.00m at 6.80% Copper, 1.53g/t Gold, from 158.00m**	AAND-080
• **23.85m at 3.00% Copper, 0.84g/t Gold, from 41.00m** **12.60m at 2.78% Copper, 1.28g/t Gold, from 71.00m**	AAND-082
• **7.25m at 5.27% Copper, 0.38g/t Gold, from 147.75m**	AAND-083
• **6.20m at 9.14% Copper, 0.54g/t Gold, from 95.00m** **8.05m at 14.26% Copper, 1.80g/t Gold, from 116.95m**	AAND-084
10.45m at 4.13% Copper, 1.92g/t Gold from 17.00m	AAND-086
• **16.55m at 7.63% Copper, 1.08g/t Gold, from 63.90m**	AAND-088

The Antas Mineral Resources have been classified and reported in accordance with The Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code 2012).

With minor delays associated with the requirement of additional work (obligatory under JORC 2012) and with management following its preference for Avanco input to the optimisation of the Life of Mine schedule.

STAGE 1 - DEVELOPMENT

Design Engineering

ONIX Engenharia of Belo Horizonte, Brazil was engaged to develop the Basic and Detailed Engineering associated with the Plant and Infrastructure. ONIX are a well-respected local company supplying all levels of mine design engineering. The ONIX team are progressing the plant design with assistance of the Avanco team which is also resident at ONIX's office.

Figures at the end of this document show the Site Layout/Design, and Design Engineering Summary plan for the Antas Process Plant.

Basic design is 60% completed and detailed engineering 20% completed.

Detailed engineering design for the Tailings Dam has already been awarded to another local group ALB and GeoHydroTech Engenharia who are highly experienced in design and construction of tailings impoundments in Brazil.

The award of engineering to ONIX followed on from the purchase of all major plant components. The total commitment represents approximately US$6.0M which is being settled according to extended payment terms (some going out to December) and from cash reserves. Approximately US$3m has already been paid. Items include:

- 250tph 2 stage Crushing Circuit comprising primary jaw and secondary cone and all ancillary equipment. Respected Brazilian supply / manufacture.

- Top brand 1.3Mw Ball Mill – Dia 3.7m X 7.3m – never assembled, in USA storage and ready for shipping.

- Flotation cells for roughers and cleaner unit operations, refurbished and ready for shipping from the USA.

- New 25tph VPA (plate and frame) concentrate dewatering filter, including basic design engineering, from Europe, Metso supplied.

- An extensive list of major ancillaries have been sourced from a local mine. Some refurbishment will be required but represent significant value including:

  - 95Kw Re-Grinding Ball Mill
  - Reagent preparation facility
  - New thickener rake mechanism
  - Concentrate Storage Building

The above are within current budget, predominantly new and from a reputable international manufacturer.

Equipment / selection/specification includes excess capacity, which bodes well for operations.

Importation of the Ball Mill & Float cells is targeted for November. The Metso filter is scheduled for import in December and therefore remains on critical path.

Site Investigation
The following programmes contributed to the Reserve studies and preparation of the Life of Mine Schedule. They also form essential inputs for the development of the project and construction designs:

- Pit Geotechnical drill programme (four holes for 645 metres)
- Metallurgical programme (two twin holes for 177 metres)
- Civil engineering/geotechnical drilling over proposed infrastructure areas, access road and bridge crossings

Flotation Testing
Samples representing the principal ore types were sent for confirmatory testing at an internationally recognised laboratory. Testing procedures were supervised by an independent metallurgical consultant, well known for his extensive knowledge of Brazilian copper flotation, including Carajas IOCG ore types.

Grinding and flotation characteristics have been confirmed with locked cycle flotation tests (which are regarded as closely simulating industrial operations). Very encouraging results include:

- **>94% copper recovery for 28<30% Cu concentrate**
- **>98% copper recovery for a 26<27% Cu concentrate**
- **>90% gold recovery for ~0.7g/t ores decreasing ~88% for lower gold grades**

The selection of flotation cells (OK38's and Denver 21's) for roughers and cleaners respectively for operations have been generously sized providing contingency on cell retention times.

The optimum grind size is p80 of 150um with recoveries still acceptable in excess of 212um.

Comminution / Grindabillity
Bond Work Index (BWI) tests each ore type (including waste dilution material) were undertaken to simulate the average ROM grade of 3% Copper. The weighted average results indicate a BWI of 14.74 kWh/short ton (16.24 kWh/metric tonne).

With ~1.2Mw expected to be available at the Avanco Ball mill pinion, the BWI results suggest that there will be ample power available to achieve the optimum grind at the 400,000tpa ROM production criteria.

Marketability of Copper Concentrates
Confirmatory testing illustrates that concentrates with acceptable copper grades can be easily produced with very low concentrations of deleterious elements, and indicate that the Antas concentrates are a readily saleable product.

Further samples of concentrate are being generated and will be made available to potential off-take parties for their own analysis. Avanco retains ownership of 100% of the off-take for Stage 1 (and stage 2) and management anticipates interest from a number of groups vying for off-take agreements.

Waste Rock Characterisation
Bulk composite samples representing all major waste rock, mineralised waste and Oxide material (requiring long term storage management) have returned results indicating that there is no potential for generation of Acid Mine Drainage and do not contain hazardous materials. This desirable outcome will facilitate and economise the safe storage of pre-strip materials and mine waste.

Mine Planning

The pending Reserve statement by CSA Global will include an annual Life of Mine (LOM) schedule including the saprolite pre-strip, from which CSA will use more advanced scheduling software to develop the month by month schedule, and detailed mining parameters.

Following the above Avanco has engaged a reputable Brazilian consultant to perform external independent review to add further confidence.

Currently, open-pit productivity and working hours / shifts is being examined and will, in conjunction with the detailed mine schedule, be used to optimise / finalise the mining fleet size and equipment selection.

Concurrent with the above is a detailed costing exercise examining the differential costs of purchase versus lease and owner's service / maintenance versus the use of supplier / contractor services.

Ultimately these studies will determine the decision on, owner operated versus contractor or a hybrid of this, specific makes / models of equipment, numbers of individual mobile plant and their utilisation.

It is envisaged that a "pre-strip" operation will then be undertaken concurrent with plant construction. Such pre-strip materials will be used in construction of the tailing dam, haul roads, ROM pad and site infrastructures.

The pre-strip period offers an excellent opportunity to bed in the mining fleet (and or contractors), associated mining routines and training.

STAGE 1 – REGULATORY

The Company has been granted all approvals necessary for issue of the Mining License.

STAGE 1 – US$70M PROJECT FINANCE

The Company has executed the binding agreement with BlackRock World Mining Trust PLC (BlackRock) for the US$12m non-dilutive production Royalty investment that was agreed previously. This transaction represents the first, firm and secured funding parcel required to support the development of the Antas North (Stage 1) Copper Mine.

- The Stage I Copper Project investment is estimated at US$70m (US$50m Pre-production + US$10m contingency +US$10m working capital)
- In June 2013 Avanco agreed terms with Banco Votorantim for US$58m of senior debt on an ~80/20 debt to equity ratio
- The Credit committee of Brazilian Banco Votorantim have approved a (non-binding) term sheet for US$30m of debt
- Lead banker Votorantim is advanced in syndicating the remaining US$28m

Due diligence was been completed, and financing and tax structures agreed for the BlackRock Royalty Agreement, providing US$12m in return for Net Smelter Return royalty payments comprising 2% on copper, 25% on gold and 2% on all other metals that will be produced from Antas North (Stage 1) and Pedra Branca (Stage 2) licensed areas. Other discoveries within Avanco's current licence portfolio additional to those previously mentioned carry a flat 2% NSR production royalty.

Drawdown of funds is conditional, principally on publication of JORC Reported Reserves and receipt of the Mining License for Stage 1. The BlackRock investment will be paid pro-rata with disbursements from the senior debt.

To evaluate the impact of the Royalty Agreement the Company engaged a mining finance expert to examine the impact on projected Stage 1 revenues. The board is satisfied that the commercial terms of the transaction are sound and make economic sense.

Banco Votorantim has completed road shows in Sao Paulo offering participation in the Stage 1 project to a number of interested banks. Votorantim anticipate a successful outcome from syndication.

An aggressive schedule has been agreed aiming for completion of the transaction facilitating the availability of debt funds. Timely closure on the debt is on critical path and a key milestone that drives the Stage 1 project schedule.

STAGE II (PEDRA BRANCA PROJECT)

Various mining methods and mine scheduling options appear feasible for exploiting Pedra Branca as a substantial underground mining operation. The alternatives continue to be technically and economically evaluated with a view to determining a number of development profiles, including highest NPV and lowest pre-production Capex.

Recent changes in the JORC Code oblige Avanco to significantly increase the size of the infill drill programme to achieve an upgrade in resource confidence from the Inferred to Indicated category, which is a priority and pre-cursor for any "decision to mine".

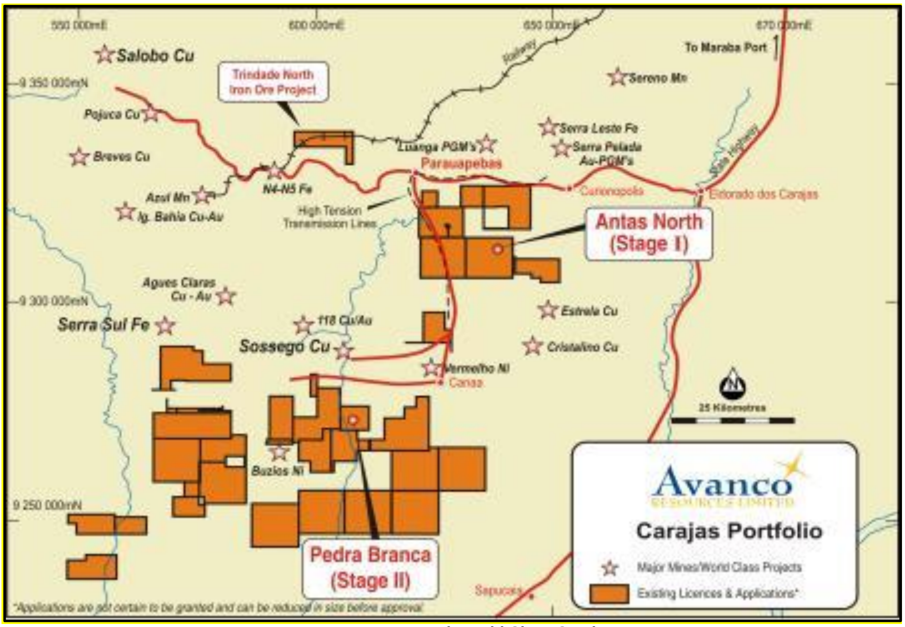
The Company plans to commence infill drilling at Pedra Branca, following achievement of key Stage 1 deliverables.

REGIONAL EXPLORATION

Regional exploration continues to advance with scout drilling expected to commence in Quarter three (assuming completion of key Stage 1 deliverables).

Work will focus on four priority drill targets:

- Pedra Branca East
- Rio Branco
- Agua Azul
- Sao Pedro



Avanco Tenure Map in Wold Class Carajas

CORPORATE

The Company completed placements totalling almost $41.1 Million at $0.075 per share. A majority of the shares were placed with two specialist London based funds, BlackRock World Mining Trust plc (BlackRock) and the Appian Natural Resources Fund (Appian). The Company acknowledges the ongoing support of BlackRock and welcomes both as substantial shareholders.

Avanco's share capital now comprises of Glencore, BlackRock and Appian holding, in approximate equal amounts, for a combined total of 35%.

With project finance from BlackRock locked in, the Company is advancing the debt facility with Votorantim. Management continues to actively pursue the Stage 1 Mining License, the JORC Reserves and believes that the project schedule is equally dictated by timely drawdown of the senior debt.

In the interim the Company is drawing on its strong cash position to continue progressing the project schedule.

Mr Colin Jones was appointed Non-Executive Chairman of the Company. With ~50 years in the business Mr Jones has the skill-set to guild the Board as it approaches debt financing and mine implementation. Mr Jones is a founding independent Non-Executive Director, a Chartered Mining Engineer with an MBA, and is fluent in Portuguese. He played an important part in recent capital raisings and is expected to enhance local relationships as the Company engages with Brazilian financial institutions. Mr Jones' extensive copper experience is not only ideal for Stage 1 but his underground expertise will complement the Company's aspirations for promoting and parallel development of the much larger Pedra Branca underground project. His association with the mining majors will likely benefit Avanco greatly as Mr Jones will have the responsibility of implementing procedures and protocols essential for an aspiring mid-tier company.

Mr Matthew Wood resigned as a non-executive director with further organisational changes planned. The need for new professional staff are being prioritised, with the Company having identified a suitable Brazilian CFO. Grant of the Mining Licence / JORC Reserves is envisaged as the trigger point for the hire of additional key individuals to complement the Avanco owner's team for construction and mining operations.

Further to Avanco's subsidiary's registered Rio de Janeiro office and operational facilities in the Carajas, the Company has relocated its Australian Registered Office to West Perth.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the financial year and up to the date of this report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no known significant events from the end of the financial year to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are set out in the above review of operations in this annual report. Any future prospects are dependent upon the results of future exploration and evaluation.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group carries out operations that are subject to environmental regulations under legislation in Brazil. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

SHARE OPTIONS

As at the date of this report, there were 107,550,000 unissued ordinary shares under options (95,000,000 at the balance date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
5,000,000	0.18	31 December 2014
5,000,000	0.15	31 December 2014
85,000,000	0.12	31 December 2015
12,550,000	0.15	31 December 2016
107,550,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

85,000,000 options with an exercise price of 12 cents expiring on 31 December 2015 were issued during the year and 12,550,000 with an exercise price of 15 cents expiring on 31 December 2016 were issued after financial year end.

41,000,000 unlisted options with an exercise price of 18 cents and 18,360,000 unlisted options with an exercise price of 15 cents expired during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr Matthew Wood	3	3
Mr Anthony Polglase	3	3
Mr Scott Funston	3	3
Mr Simon Mottram	3	3
Mr Wayne Phillips	3	3
Mr Colin Jones	3	3
Mr Luis Azevedo	3	2

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Avanco Resources Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Avanco Resources is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Avanco Resources with an Independence Declaration in relation to the audit of the full year financial report. A copy of that declaration is included on page 55. Details of non audit services provided are included in Note 18. No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Executives of Avanco Resources Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group, and includes the Executives in the Company receiving the highest remuneration.

Details of Key Management Personnel

Mr Colin Jones	Non-Executive Chairman
Mr Anthony Polglase	Managing Director
Mr Scott Funston	Executive Director
Mr Simon Mottram	Executive Director
Mr Wayne Phillips	Executive Director
Mr Matthew Wood	Non-Executive Director
Mr Luis Azevedo	Non-Executive Director

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of Directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

Options issued to Directors vest upon the Company achieving its first despatch of copper concentrate from the Stage 1 project. This performance condition was selected due to the current nature of the business operations.

The table below shows the performance of the Group as measured by loss per share over the past five financial years:

As at 30 June	2014	2013	2012	2011	2010
Loss per share (cents)	(0.08)	(0.20)	(0.17)	(0.35)	(0.24)
Net Loss	(1,119,123)	(2,243,417)	(1,464,689)	(2,365,330)	(802,788)

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Short term			Options	Post employment			
2014 **Director**	Base Salary $	Directors Fees $	Consulting Fees $	Share based Payments $	Superannuation $	Total $	Option Related %	Performance Related %
Mr. C Jones	-	40,000	75,271	49,000	-	164,271	29.83	29.83
Mr. A Polglase	-	-	350,000	294,000	-	644,000	45.65	45.65
Mr. S Funston	-	-	120,000	49,000	-	169,000	28.99	28.99
Mr. S Mottram	-	-	300,000	196,000	-	496,000	39.52	39.52
Mr. W Phillips	-	100,000	200,000	49,000	-	349,000	14.04	14.04
Mr. M Wood	-	-	120,000	73,500	-	193,500	37.98	37.98
Mr. L Azevedo	-	40,000	205,286	98,000	-	343,286	28.55	28.55
	-	180,000	1,370,557	808,500	-	2,359,057	34.27	34.27

	Short term			Options	Post employment			
2013 **Director**	Base Salary $	Directors Fees $	Consulting Fees $	Share based Payments $	Superannuation $	Total $	Option Related %	Performance Related %
Mr. M Wood	-		120,000	-	-	120,000	-	-
Mr. A Polglase	-		329,167	-	-	329,167	-	-
Mr. S Funston	-		120,000	-	-	120,000	-	-
Mr. S Mottram	-		279,167	77,466	-	356,633	22%	22%
Mr. W Phillips*	-	50,000	100,000	-	-	150,000	-	-
Mr. C Jones	-	40,000	101,285	-	-	141,285	-	-
Mr. L Azevedo*	-	21,504	71,694	-	-	93,198	-	-
	-	111,504	1,121,313	77,466	-	1,310,283	-	-

* Mr. Phillips was appointed on 10 January 2013 and Mr. Azevedo was appointed on 17 December 2012.

There were no other executive officers of the Group during the financial years ended 30 June 2014 and 30 June 2013. The options issued are subject to the Company achieving its first despatch of copper concentrate from the Stage 1 project. The number of options include those held directly, indirectly and beneficially by each director or executive.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

	Grant date	Grant number	Expiry date / last exercise date	Value per option at grant date	Value of options	Exercise price	No. Vested	No. Expired
Director								
Mr S Mottram	10/1/2011	2,500,000	10/1/14	$0.112	$280, 000	$0.18	2,500,000	2,500,000
	10/1/2011	2,500,000	10/1/14	$0.116	$290,000	$0.18	2,500,000	2,500,000
	29/11/2013	20,000,000*	31/12/2015	$0.0098	$196,000	$0.12	-	-
Mr C Jones	5/4/2012	5,000,000	31/12/2014	$0.031	$155,000	$0.15	5,000,000	-
	29/11/2013	5,000,000*	31/12/2015	$0.0098	$49,000	$0.12	-	-
M. T Polglase	29/11/2013	30,000,000*	31/12/2015	$0.0098	$294,000	$0.12	-	-
Mr M Wood	29/11/2013	7,500,000*	31/12/2015	$0.0098	$73,500	$0.12	-	-
Mr S Funston	29/11/2013	5,000,000*	31/12/2015	$0.0098	$49,000	$0.12	-	-
Mr L Azevedo	29/11/2013	10,000,000*	31/12/2015	$0.0098	$98,000	$0.12	-	-
Mr W Phillips	29/11/2013	5,000,000*	31/12/2015	$0.0098	$49,000	$0.12	-	-

* The options will vest upon the Company achieving its first despatch of Copper concentrate from the Stage 1 Project.

The share options were issued as a form of retention bonus and incentive package. On resignation, any unvested options will be forfeited. Share options do not carry any dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period. No remuneration options were exercised for the year ended 30 June 2014 or for the year ended 30 June 2013.

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the expected time to maturity of the option. Options granted under the plan carry no dividend or voting rights.

Additional disclosures relating to options and shares

Shareholdings of Key Management Personnel^

Share holdings

The number of shares in the company held during the financial year by each director and executive of Avanco Resources Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2014	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. C. Jones	782,120	-	-	-	782,120
Mr. A. Polglase	6,162,693	-	-	-	6,162,693
Mr. S. Funston	1,557,728	-	-	-	1,557,728
Mr. S. Mottram	1,356,974	-	-	-	1,356,974
Mr. W. Phillips	150,000	-	-	-	150,000
Mr. M. Wood	26,960,576	-	-	2,893,167*	29,853,743
Mr. L. Azevedo	768,750	-	-	-	768,750

* Other changes during the year relate to off-market trades (2,393,167) and on-market trades (500,000). ^ Includes shares held directly, indirectly and beneficially by Key Management Personnel.

Option holdings of Key Management Personnel^

The numbers of options over ordinary shares in the company held during the financial year by each director of Avanco Resources Limited and specified executive of the group, including their personally related parties, are set out below:

						Vested options	
2014	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Non-exercisable
Mr. C. Jones	5,000,000	5,000,000	-	-	10,000,000	-	-
Mr. A. Polglase	10,000,000	30,000,000	-	(10,000,000)*	30,000,000	-	-
Mr. S. Funston	5,000,000	5,000,000	-	(5,000,000)*	5,000,000	-	-
Mr S Mottram	5,000,000	20,000,000	-	(5,000,000)*	20,000,000	-	-
Mr. W. Phillips	5,000,000	5,000,000	-	(5,000,000)*	5,000,000	-	-
Mr. M. Wood	10,000,000	7,500,000^	-	(5,000,000)*	12,500,000	-	-
Mr. L. Azevedo	5,000,000	10,000,000	-	(5,000,000)*	10,000,000	-	-

* Options expired during the year. ^ Includes options held directly, indirectly and beneficially by Key Management Personnel.

There were no other alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the years ended 30 June 2014 and 30 June 2013.

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Options granted under the plan carry no dividend or voting rights. For details on the valuation of options, including models and assumptions used, please refer to note 25.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Executive Directors

The Managing Director, Mr Anthony Polglase, is paid an annual consulting fee on a monthly basis. The consulting agreement commenced on 1 January 2013 and is for a term of two years unless extended by both parties. Mr Polglase may terminate the agreement by giving three months written notice. The Company may terminate the agreement by giving three months written notice or may terminate the agreement immediately for serious misconduct.

Mr Simon Mottram is paid an annual consulting fee on a monthly basis. The consulting agreement commenced on 1 February 2013 and is for a term of two years unless extended by both parties. Mr Mottram may terminate the agreement by giving three months written notice. The Company may terminate the agreement by giving three months written notice or may terminate the agreement immediately for serious misconduct.

The Executive Director, Mr Phillips is paid an annual consulting fee and director's fee on a monthly basis. Under the agreements Mr Phillips is to be paid a total of $200,000 and $100,000 per annum respectively. The consulting agreement commenced on 1 December 2012 and was for a term of one year unless extended by both parties. Mr Phillips continues to receive his consulting fee under the same terms and conditions of this agreement. Mr Phillips may terminate the agreement by giving three months written notice. The Company may terminate the agreement at any time by giving written notice.

The director's agreement commenced on 10 January 2013 and is for a term of two years unless extended by both parties. Mr Phillips may terminate the agreement by giving three months written notice. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to three months fees.

Mr Scott Funston is paid an annual consulting fee on a monthly basis. His services may be terminated by either party at any time.

Non-Executive Director

The Non-Executive Directors, Mr Matthew Wood, Mr Luis Azevedo and Mr Colin Jones are paid an annual consulting fee on a monthly basis. Their services may be terminated by either party at any time.

The Non-Executive Directors are also entitled to fees for other amounts as the board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. These fees are included as short term consulting fees as outlined in the tables included in the Remuneration Report.

In determining whether a Non-Executive Director should perform any additional services on behalf of the company, the board takes into consideration factors such as the cash flow impact of employing an independent contractor, the relevant experience and technical expertise required in performing any services and relevant additional credentials required to perform a particular task.

The aggregate fee remuneration for Non-Executive Directors has been set at an amount not to exceed $500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

Other transactions with Key Management Personnel and their related parties

Garrison Capital Pty Ltd, a company of which Mr. Wood is a director and shareholder and Mr. Funston was a director and shareholder during the year, provided the Group with a fully serviced office including administration and information technology support totalling $120,000 (2013: $170,000), corporate advisory services of $60,000 (2013: $10,000) and reimbursement of payments for courier, accounting and other minor expenses of $76,298 (2013: $49,963). $18,131(2013: $21,430) was outstanding at year end. Additionally Garrison was issued, as approved by shareholders, 5,000,000 (2013: Nil) unlisted options exercisable at $0.12 on or before 31 December 2015 for corporate advisory services. The value at grant date was $0.0098 per option ($49,000).

FFA Legal Ltda, a company in which Mr. Azevedo is a director and shareholder, provided the Group with a serviced office, legal and accounting services in Brazil totalling $252,872 (2013: $137,727). $26,678 (2013: $51,648) was outstanding at year end.

Mineral Quest Pty Ltd, a company of which Mr. Woods' spouse is a director, did not charge the Group for consulting fees (2013: $120,000). Mineral Quest was reimbursed for telephone expenses of Mr Wood, at cost for $6,916 (2013: Nil) during the year.

Resourceful International Consulting Pty Ltd, a company of which Mr. Funston is a director, charged the Group consulting fees of $120,000 (2013: $120,000). This amount is included in Note 19(b) "Remuneration of key management personnel". $11,000 (2013: $11,000) was outstanding at year end.

Kernow Mining Consultants Pty Ltd, a company of which Mr. Polglase is a director, charged the Group consulting fees of $350,000 (2013: $329,167). This amount is included in Note 19(b) "Remuneration of key management personnel". $29,167 (2013: $29,167) was outstanding at year end.

JENS Dominion Pty Ltd, a company of which Mr. Mottram is a director, charged the Group consulting fees of $300,000 (2013: $279,167). This amount is included in Note 19(b) "Remuneration of key management personnel". $25,000 (2013: $25,000) was outstanding at year end.

CI Jones C Eng., a company of which Mr. Jones is a director, charged the Group director fees of $40,000 (2013: $40,000) and consulting fees of $75,271 (2013: $101,285). These amounts are included in Note 19(b) "Remuneration of key management personnel". $3,333 (2013: $9,777) was outstanding at year end.

These transactions have been entered into on normal commercial terms.

Service Agreements

During previous financial years the Group entered into a service agreement for certain administrative services and office space for a term of two years and for the provision of corporate advisory services for a term of two years with Garrison Capital Pty Ltd, a company of which Mr Wood is a Director and shareholder and Mr. Funston was a director and shareholder during the year. The Group is required to give three months written notice to terminate the agreement. The Group terminated this agreement in July 2014.

End of Remuneration Report (Audited)

Signed on behalf of the board in accordance with a resolution of the Directors.

Anthony Polglase
Managing Director
23 September 2014

Competent Persons Statement

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.*

Additional Information

For Full details and JORC Reserves Table detailed information see ASX announcement "Maiden Reserves Exceed Expectations for Antas Copper", 17 September 2014

For full details and JORC Table Resources detailed information see ASX Announcement "New High Grade Copper Resource", 7 May 2014

Results show downhole widths/depths. True widths/depths shown in table "Antas North Deposit – Diamond Drilling Results 2014", Quarterly Activities Report 31 July 2014

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 resource estimates

See ASX announcement "Stage II – Pedra Branca Resource Upgrade", 24 June 2013, for Competent Person's Consent, material assumptions, and technical parameters underpinning the resource estimates

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

The Pedra Branca and Antas South JORC compliant resources were prepared and first disclosed under the JORC Code 2004. They have 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

Governance Arrangements and Internal Controls

A summary of the governance and controls applicable to the Company's Mineral Resource process is as follows:

- *Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control;*
- *Review of known and interpreted geological structure, lithology and weathering controls;*
- *Review of estimation methodology relevant to the mineralisation style;*
- *Visual validation of block model against raw data; and*
- *Internal peer review by senior company personnel.*

Corporate Governance Statement

The Board of Directors of Avanco Resources Limited ("Avanco Resources" or "the Company") is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were based on the Australian Securities Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Company, refer to our website: www.avancoresources.com.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Law) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Company member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another Company member;
- is not a significant consultant, supplier or customer of the Company or another Company member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another Company member other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, none of the Directors are considered independent. Accordingly, a majority of the board is not considered independent.

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the company's expense. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Matthew Wood	7 years 3 months
Anthony Polglase	7 years 3 months
Scott Funston	5 years 6 months
Simon Mottram	3 years 7 months
Wayne Phillips	1 year 8 months
Colin Jones	3 years 10 months
Luis Azevedo	1 year 9 months

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Company is of sufficient size a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has established an Audit Committee comprising two Directors being Scott Funston as Chairman and Simon Mottram, whose qualifications are set out in the Directors' Report. The Audit Committee was established on 1 July 2013.

The Board has formally adopted an Audit and Risk Management Committee Charter to give assurance to the Board that all financial statements and reports to be adopted by the Board are consistent with all applicable reporting requirements and are, in all respects, accurate and not misleading. Additionally, the Audit Committee is the mechanism through which the Company's Auditors will interface with the Board.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Company.

Performance

The Board of Avanco Resources conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Company and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. The Company does not link the nature and amount of Executive and Directors' emoluments to the company's financial and operational performance.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for Executive Directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Company is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation.

Diversity Policy

The Company is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance Company performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

	Actual	
	Number	Percentage
Women in the whole organisation	4	27%
Women in senior executive positions	-	-
Women on the board	-	-

Trading Policy

Under the Company's securities trading policy, an Executive or Director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an Executive must first obtain the approval of the Managing Director to do so and a Director must first obtain approval of the Chairman. Only in exceptional circumstances will approval be forthcoming inside of the period commencing on the tenth day of the month in which the Company is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

Assurance

The CEO and CFO (or equivalent) periodically provide formal statements to the Board that in all material aspects:

- the Company's financial statements present a true and fair view of the company's financial condition and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

This assurance forms part of the process by which the Board determines the effectiveness of its risk management and internal control systems in relation to financial reporting risks.

Shareholder Communication Policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

Avanco Resources Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act 2001 in Australia
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Company's website: www.avancoresources.com

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Corporate Governance Compliance

During the financial year Avanco Resources has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.2	The Chairman is not an independent director	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Group does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
3.3	The Company has not disclosed in its annual report its measurable objectives for achieving gender diversity and progress towards achieving them.	The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the size of the Company and its small number of employees, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.
4.2	The Audit and Risk Management Committee consists of only two members who are not Independent Non-Executive Directors.	The Board considers that the nature, scale and complexity of the Company's existing operations does not warrant a full complement of Board members on the Audit Committee.
8.1	The Group does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.
8.2	Non-Executive Directors receive options as a part of remuneration.	To attract and retain an independent Non-Executive Director with sufficient skills and experience to the Company, incentive options were required as part of the remuneration package.

As outlined in the Review of Operations, further organisational changes are planned and compliance with Corporate Governance Principles and the corresponding Best Practice Recommendations will be strongly considered in implementing these changes.

Consolidated Statement of Comprehensive Income *for the year ended 30 June 2014*

	Notes	Consolidated 2014 $	2013 $
Revenue			
Interest income		422,386	361,480
Consulting fee	10	150,000	-
Revenue		**572,386**	**361,480**
Public company costs		(113,072)	(91,282)
Consulting fees		(385,396)	(316,903)
Legal fees		(36,452)	(9,026)
Share based payments	25	(236,134)	(244,024)
Rent and outgoings		(364,561)	(407,680)
Travel expenses		(98,449)	(264,717)
Impairment of exploration expenditure	12	(1,712)	(949,717)
Impairment of investments	10	(120,000)	-
Other expenses	4	(335,733)	(321,548)
Loss before income tax		**(1,119,123)**	**(2,243,417)**
Income tax expense	5	-	-
Net loss for the year		**(1,119,123)**	**(2,243,417)**
Other Comprehensive loss			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation		(332,891)	667,576
Other comprehensive loss for the year		**(332,891)**	**667,576**
Total comprehensive loss for the year		**(1,452,014)**	**(1,575,841)**
Loss per share attributable to owners of Avanco Resources Limited			
Basic and diluted loss per share (cents per share)	22	(0.08)	(0.20)

Consolidated Statement of Financial Position *as at 30 June 2014*

	Notes	Consolidated 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	6	32,204,820	3,669,126
Trade and other receivables	7	237,137	128,359
TOTAL CURRENT ASSETS		**32,441,957**	**3,797,485**
NON-CURRENT ASSETS			
Other non-current assets	9	2,007,471	-
Available for sale investments	10	30,000	-
Plant and equipment	11	133,523	98,332
Deferred exploration and evaluation expenditure	12	45,189,208	38,056,492
TOTAL NON-CURRENT ASSETS		**47,360,202**	**38,154,824**
TOTAL ASSETS		**79,802,159**	**41,952,309**
CURRENT LIABILITIES			
Trade and other payables	13	948,734	609,002
TOTAL CURRENT LIABILITIES		**948,734**	**609,002**
TOTAL LIABILITIES		**948,734**	**609,002**
NET ASSETS		**78,853,425**	**41,343,307**
EQUITY			
Issued capital	14	86,861,375	48,135,377
Reserves	15	3,333,134	3,429,891
Accumulated losses	16	(11,341,084)	(10,221,961)
TOTAL EQUITY		**78,853,425**	**41,343,307**

Consolidated Statement of Cash Flows *for the year ended 30 June 2014*

	Notes	Consolidated 2014 $	Consolidated 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,309,735)	(1,347,163)
Interest received		382,804	415,119
NET CASH USED IN OPERATING ACTIVITIES	6	(926,931)	(932,044)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for deposits for the purchase of plant and equipment		(2,050,261)	(34,271)
Expenditure on exploration		(7,215,022)	(7,447,733)
NET CASH USED IN INVESTING ACTIVITIES		(9,265,283)	(7,482,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		41,076,142	-
Share issue costs		(2,348,234)	-
NET CASH FROM FINANCING ACTIVITIES		38,727,908	-
Net increase / (decrease) in cash held		28,535,694	(8,414,048)
Cash and cash equivalents at beginning of period		3,669,126	12,083,174
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	6	**32,204,820**	**3,669,126**

Consolidated Statement of Changes in Equity *for the year ended 30 June 2014*

	Issued capital $	Accumulated losses $	Foreign Currency Translation Reserve $	Option reserves $	Share based payment reserves $	Total $
At 1 July 2013	**48,135,377**	**(10,221,961)**	**(2,462,250)**	**549,200**	**5,342,941**	**41,343,307**
Loss for the year	-	(1,119,123)	-	-	-	(1,119,123)
Other comprehensive income/(loss)	-	-	(332,891)	-	-	(332,891)
Total comprehensive loss	**-**	**(1,119,123)**	**(332,891)**	**-**	**-**	**(1,452,014)**
Transactions with owners in their capacity as owners						
Issue of share capital	41,076,142	-	-	-	-	41,076,142
Share based payments	-	-	-	-	236,134	236,134
Transaction costs	(2,350,144)	-	-	-	-	(2,350,144)
At 30 June 2014	**86,861,375**	**(11,341,084)**	**(2,795,141)**	**549,200**	**5,579,075**	**78,853,425**
At 1 July 2012	**48,135,377**	**(7,978,544)**	**(3,129,826)**	**549,200**	**5,098,917**	**42,675,124**
Loss for the year	-	(2,243,417)	-	-	-	(2,243,417)
Other comprehensive income/(loss)	-	-	667,576	-	-	667,576
Total comprehensive loss	**-**	**(2,243,417)**	**667,576**	**-**	**-**	**(1,575,841)**
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	-	244,024	244,024
At 30 June 2013	**48,135,377**	**(10,221,961)**	**(2,462,250)**	**549,200**	**5,342,941**	**41,343,307**

1. Corporate Information

The financial report of Avanco Resources Limited ("Avanco Resources" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 23 September 2014.

Avanco Resources Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis except for available for sale financial assets which are measured at fair value. The presentation currency is Australian dollars.

(b) Compliance statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations issued but yet effective

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2014, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2014
AASB 9/IFRS 9	Financial Instruments	AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.	The Group has not yet determined the likely impact on the Group's financial statements.	1 July 2018

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	The Group has determined the likely impact on the Group's financial statements will not be material.	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	The Group has not yet determined the likely impact on the Group's financial statements.	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2014

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2015
Amendments to IAS 16 and IAS 38*	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2016
IFRS 15	Revenue from Contracts with Customers*	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*)	The Group has determined the likely impact on the Group's financial statements will be not material.	1 July 2017

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
		The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation		

* These IFRS amendments have not yet been adopted by the AASB.

The Group has not elected to early adopt any new Standards or Interpretations.

(d) Changes in accounting policies and disclosures

In the year ended 30 June 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business except for disclosure purposes and, therefore, no change is necessary to Group accounting policies.

The following standards and interpretations would have been applied for the first time for entities with the year ending 30 June 2014:

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures.

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations was issued by the AASB in August 2014 adding guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business

AASB 12 Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.

AASB 119 Employee Benefits

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. **Consequential amendments were also made to other standards via AASB 2011-10.**

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Avanco Resources Limited and its subsidiaries as at 30 June each year (‘the Company’). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the subsidiary entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The functional and presentation currency of Avanco Resources Limited is Australian dollars. The functional and presentation currency of the overseas subsidiaries is Brazilian Reais.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

(iii) Group entities

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(g) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the profit and loss during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	25% – 50%
Furniture, Fixtures and Fittings	15%
Computer and software	25%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

Plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit and loss.

(h) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in profit and loss.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and at least one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(j) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Trade and other payables

Liabilities for trade creditors and other amounts are measured initially at fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group and subsequently at amortised cost.

(n) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, in a transaction that is not a business combination, and that at the time of the transaction has no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited to profit and loss except where it relates to items that may be charged or credited directly to other comprehensive income or equity, in which case the deferred tax is adjusted directly against other comprehensive income or equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(q) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Avanco Resources Limited.

(r) Earnings/Losses per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(t) Share based payment transactions

The group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 25.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Avanco Resources Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit and loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

The dilutive effect, if any, of outstanding options is reflected in the computation of earnings/loss per share (see note 22).

(u) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in, as discussed in note 25.

Functional currency translation reserve

Under the Accounting Standards, each entity within the Group is required to determine its functional currency, which is the currency of the primary economic environment in which the entity operates. Management considers the Brazilian subsidiaries to be foreign operations with Brazilian Reais as the functional currency. In arriving at this determination, management has given priority to the currency that influences the labour, materials and other costs of exploration activities as they consider this to be a primary indicator of the functional currency.

3. Segment Information

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for iron ore, copper and nickel. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. Total revenue earned by the Group is generated in Australia and relates to interest income and all of the Group's non-current assets reside in Brazil.

	Consolidated	
	2014	**2013**
	$	**$**
4. Other Expenses		
Accounting and audit fees	138,588	115,865
Bank fees	52,578	44,332
Computer and website expenses	2,704	2,241
Courier	466	448
Insurance	10,843	10,174
Printing and stationary	16,326	11,112
Subscriptions	10,581	14,305
Communications	34,007	40,059
Conferences and seminars	13,288	13,081
Depreciation	44,011	64,999
Other	12,341	4,932
Total other expenses	**335,733**	**321,548**

5. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

Current tax	-	-
Deferred tax	-	-
	-	**-**

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

	Consolidated 2014 $	Consolidated 2013 $
Loss from continuing operations before income tax expense	(1,119,123)	(2,243,417)
Tax at the group rate of 30%	(335,737)	(673,025)
Expense of remuneration options	70,840	77,466
Entertainment	629	-
Exploration costs	514	-
Income tax benefit not brought to account	263,754	595,559
Income tax expense	**-**	**-**

(c) Deferred tax

The following deferred tax balances have not been brought to account:

	2014 $	2013 $
Liabilities		
Capitalised exploration and evaluation expenditure	9,349,974	6,776,569
Offset by deferred tax assets	(9,349,974)	(6,776,569)
Deferred tax liability recognised	**-**	**-**
Assets		
Losses available to offset against future taxable income	12,470,443	9,394,409
Share issue costs deductible over five years	642,830	176,977
Accrued expenses	15,975	16,019
Deferred tax assets offset against deferred tax liabilities	(9,349,974)	(6,776,569)
Deferred tax assets not brought to account as realisation is not regarded as probable	(3,779,274)	(2,810,836)
Deferred tax asset recognised	-	-

(d) Unused tax losses

	2014 $	2013 $
Unused tax losses	12,597,580	9,369,453
Potential tax benefit not recognised at 30%	**3,779,274**	**2,810,836**

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and

(iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

6. Cash and Cash Equivalents

Reconciliation of Cash and Cash Equivalents

	2014 $	2013 $
Cash comprises of:		
Cash at bank	22,204,820	669,126
Short term deposits	10,000,000	3,000,000
Cash at bank	**32,204,820**	**3,669,126**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	Consolidated 2014 $	Consolidated 2013 $
Reconciliation of operating loss after tax to the cash flows from operations		
Loss from ordinary activities after tax	(1,119,123)	(2,243,417)
Non cash items		
Share based payment	236,134	244,024
Depreciation charges	44,011	64,999
Exploration expenditure written off	1,712	949,717
Listed shares received in consideration for consulting fee	(150,000)	-
Change in assets and liabilities		
(Increase) / decrease in trade and other receivables	(96,335)	59,119
Increase / (decrease) in trade and other payables	156,670	(6,486)
Net cash outflow used in operating activities	**(926,932)**	**(932,044)**

Non-cash financing and investing activities in the current and previous financial year are as follows:

- Share-based payments (to directors, employees and suppliers) as discussed in note 25;

7. Trade and Other Receivables – Current

GST receivable	128,911	32,126
Accrued interest	59,807	20,225
Other	48,419	76,008
	237,137	**128,359**

Other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. Investments in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (e).

Name of Entity	Country of Incorporation	Equity Holding as at 30 June 2014	Equity Holding as at 30 June 2013
Avanco Holdings Pty Ltd	Australia	100%	100%
Estrela Metals Ltd	Australia	100%	100%
Estrela de Brasil Mineracao Ltda	Brazil	100%	100%
AVB Mineracao Ltda	Brazil	100%	100%
Avanco Resources Mineracao Ltda	Brazil	100%	100%
Vale Dourado Mineracao Ltda	Brazil	100%	100%
ARL South America Exploration Ltd	Bermuda	100%	100%
ARL Holdings Ltd	Bermuda	100%	100%

9. Other Non-Current Assets

	Consolidated 2014 $	Consolidated 2013 $
Deposits for property, plant and equipment	2,007,471	-
	2,007,471	**-**

10. Available for Sale Investments

Listed shares at fair value	**30,000**	-
Movements in available for sale investments:		
Opening balance	-	-
Additions	150,000	-
Disposals	-	-
Fair value adjustments	(120,000)	-
Closing Balance	**30,000**	-

During the period the Company received shares in Voyager Resources Limited (Voyager) as consideration for services performed in assisting Voyager with the transfer of exploration licenses in Brazil. All available for sale investments are quoted on the Australian Securities Exchange.

11. Plant and Equipment

Plant and Equipment		
Cost	132,446	126,177
Accumulated depreciation	(106,849)	(102,808)
Net carrying amount	**25,597**	**23,369**
Computer Equipment and Software		
Cost	71,922	68,142
Accumulated depreciation	(43,030)	(33,410)
Net carrying amount	**28,892**	**34,732**
Furniture, Fixtures and Fittings		
Cost	86,735	81,241
Accumulated depreciation	(62,102)	(54,837)
Net carrying amount	**24,633**	**26,404**
Motor Vehicles		
Cost	120,818	59,267
Accumulated depreciation	(66,417)	(45,440)
Net carrying amount	**54,401**	**13,827**
Total Plant and Equipment	**133,523**	**98,332**

	Consolidated 2014 $	Consolidated 2013 $
Movements in Plant and Equipment		
Plant and Equipment		
At beginning of the period	23,369	47,088
Additions	6,269	12,171
Net exchange differences on translation	37	1,859
Depreciation charge for the year	(4,078)	(37,749)
	25,597	**23,369**
Computer Equipment and Software		
At beginning of the period	34,732	22,427
Additions	3,780	17,867
Net exchange differences on translation	241	2,515
Depreciation charge for the year	(9,861)	(8,077)
	28,892	**34,732**
Furniture, Fixtures and Fittings		
At beginning of the period	26,404	27,977
Additions	5,495	4,233
Net exchange differences on translation	1,043	1,816
Depreciation charge for the year	(8,309)	(7,622)
	24,633	**26,404**
Motor Vehicles		
At beginning of the period	13,827	24,753
Additions	61,553	-
Net exchange differences on translation	718	616
Depreciation charge for the year	(21,697)	(11,542)
	54,401	**13,827**
Total Plant and Equipment	**133,523**	**98,332**

	Consolidated 2014 $	2013 $
12. Deferred Exploration and Evaluation Expenditure		
At beginning of the period	38,056,492	30,964,686
Exploration expenditure during the year	7,447,454	7,384,798
Impairment loss	(1,712)	(949,717)
Net exchange differences on translation	(313,026)	656,725
Total exploration and evaluation	**45,189,208**	**38,056,492**

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The impairment loss relates to the withdrawal from tenements held in Brazil that the Group has made a decision not to continue exploration and wrote down the carrying value to nil.

13. Trade and Other Payables

	2014 $	2013 $
Trade payables	459,581	476,523
Accruals	489,153	132,479
	948,734	**609,002**

Trade creditors and accruals are non-interest bearing and generally payable on 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

14. Issued Capital

(a) Issued capital

	2014 $	2013 $
Ordinary shares fully paid	**86,861,375**	**48,135,377**

	2014 Number of shares	2014 $	2013 Number of shares	2013 $
(b) Movements in shares on issue				
At beginning of the period	1,113,993,968	48,135,377	1,113,993,968	48,135,377
Issue for cash	547,681,887	41,076,142	-	-
less fundraising costs	-	(2,350,144)	-	-
At 30 June	**1,661,675,855**	**86,861,375**	**1,113,993,968**	**48,135,377**

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to $78,853,425 at 30 June 2014 (2013: $41,343,307). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 23 for further information on the Group's financial risk management policies.

(e) Share options

At 30 June 2014, there were 95,000,000 unissued ordinary shares under options (2013: 69,360,000 options). The details of the options are as follows:

Number	Exercise Price $	Expiry Date
5,000,000	0.18	31 December 2014
5,000,000	0.15	31 December 2014
85,000,000	0.12	31 December 2015
95,000,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

85,000,000 options with an exercise price of 12 cents expiring on 31 December 2015 were issued during the year and 12,550,000 with an exercise price of 15 cents expiring on 31 December 2016 were issued after financial year end.

41,000,000 unlisted options with an exercise price of 18 cents and 18,360,000 unlisted options with an exercise price of 15 cents expired during the year.

Information relating to the Avanco Resources Limited Employee Share Option Plan, including details of options issued under the plan, is set out in note 25.

	Consolidated	
	2014	**2013**
	$	**$**
15. Reserves		
Share based payment reserve	5,579,075	5,342,941
Option reserves	549,200	549,200
Foreign currency translation reserve	(2,795,141)	(2,462,250)
	3,333,134	**3,429,891**

Movements in Reserves

Share based payment reserve		
At beginning of the period	5,342,941	5,098,917
Share based payment expense	236,134	244,024
At 30 June	**5,579,075**	**5,342,941**

The share based payment reserve is used to record the value of equity benefits provided to directors, executives and employees as part of their remuneration and non-employees for their services. Refer to note 25 for further details of the options issued during the financial year.

Option reserves		
At beginning of the period	549,200	549,200
Options issued	-	-
Options exercised	-	-
At 30 June	**549,200**	**549,200**

The option reserves are used to record the premium paid on the issue of listed options on 30 April 2008, which expired on 30 June 2010, less any of those options exercised.

	Consolidated	
	2014	**2013**
	$	**$**
Foreign currency translation reserve		
At beginning of the period	(2,462,250)	(3,129,826)
Foreign currency translation	(332,891)	667,576
At 30 June	**(2,795,141)**	**(2,462,250)**

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, refer to note 2(f). The reserve is recognised in profit and loss when the net investment is disposed of.

16. Accumulated losses

Movements in accumulated losses were as follows:		
At beginning of the period	(10,221,961)	(7,978,544)
Loss for the period	(1,119,123)	(2,243,417)
At 30 June	**(11,341,084)**	**(10,221,961)**

17. Expenditure Commitments

(a) Rental and services agreement

In prior years, the Group entered a service agreement for certain administrative services and office space and a corporate advisory agreement for a term of two years. During the year ended 30 June 2014, the Group terminated this agreement by providing three months written notice.

Within one year	-	180,000
After one year but not longer than 5 years	-	150,000
	-	**330,000**

(b) Operating lease – Group as lessee

The Group entered into an operating lease for the Company's registered office and principal place of business for a period of two years. The lease non-cancellable.

Within one year	65,897	-
After one year but not longer than 5 years	87,862	-
	153,759	**-**

(c) Expenditure commitments

The Group entered into contracts under terms and conditions that require payments to third parties that previously held the tenements. The contracts have pre-emptive rights that allow Avanco Resources Limited to relinquish the tenements after providing the required notice period, the longest notice periods being 60 days. The terms of the licenses vary according to exploration milestones being met. The agreements have additional royalty payments based on production rates and the Pedra Branca Project has a milestone payment of USD$10M upon reaching commercial production. The royalty amounts and Pedra Branca milestone payment have not been included as the timing and amounts remain uncertain as at 30 June 2014.

The Group entered into a land access agreement in Brazil for the Pedra Branca Project.

	Consolidated 2014 $	2013 $
Commitments contracted for at reporting date but not recognised as liabilities are as follows:		
Within one year	106,168	109,493
After one year but not longer than 5 years	-	-
Greater than 5 years	-	-
	106,168	**109,493**

(d) Purchase of Equipment

The Group entered into four agreements for the purchase of mining equipment. The Company will not take possession of the equipment until all payments are made as per the payment schedules outlined in each agreement. The total amount payable is $4,780,249. All amounts payable are payable within one year. Amounts paid to date are include in Note 9 – Other Current Assets.

18. Auditors Remuneration

	Consolidated 2014 $	2013 $
The auditor of Avanco Resources Limited is Ernst & Young (Australia)		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- an audit or review of the financial report of the entity and any other entity in the Consolidated group	41,595	33,880
- tax advice in relation to the entity and any other entity in the consolidated group	41,690	-
	83,285	**33,880**

19. Key Management Personnel Disclosures

(a) Details of Key Personnel

C. Jones	Non-Executive Chairman
A. Polglase	Managing Director
S. Funston	Executive Director
S. Mottram	Executive Director
W. Phillips	Executive Director
M. Wood	Non-Executive Director
L. Azevedo	Non-Executive Director

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated 2014 $	2013 $
Short term employee benefits	1,550,557	1,232,817
Post employment benefits	-	-
Share based payments	808,500	77,466
Total remuneration	**2,359,057**	**1,310,283**

There were 85,000,000 share options held by key management personnel to purchase ordinary shares at balance sheet date. Please refer the Remuneration Report on page 13.

20. Events Subsequent to Balance Date

There have been no events that have arisen since the balance date that has affected or may significantly affect the operation of Group.

21. Related Party Disclosures

For Director related party transactions please refer to the Remuneration Report on page 13. During the year, the total aggregate related party transactions for consulting services, services office costs and reimbursements as provided by key management personnel and their related parties was $1,401,457 (2013: $1,317,309). The outstanding balance relating to the above transactions at balance date was $113,309 (2013: $126,592).

The ultimate parent entity is Avanco Resources Limited. Refer to note 8 for list of all subsidiaries within the group.

During the period the Company received shares in Voyager Resources Limited (Voyager), a company of which Mr. Wood is a Director, as consideration for services performed in assisting Voyager with the transfer of exploration Licenses in Brazil. This agreement was cancelled effective September 8 2014 by the Company giving 30 days written notice.

	Consolidated	
	2014	**2013**
	$	**$**
22. Loss per Share		
Loss used in calculating basic and dilutive EPS	(1,119,123)	(2,243,417)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share :	1,329,613,470	1,113,993,968
Effect of dilution:		
Share options		
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	1,329,613,470	1,113,993,968

There is no impact from 95,000,000 options outstanding at 30 June 2014 (2013: 69,360,000 options) on the loss per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

23. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 30 June 2014 and 30 June 2013 all financial liabilities are contractually matured within 60 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2014	**2013**
	$	**$**
Cash and cash equivalents	32,204,820	3,669,126

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit and loss to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)	
	2014	**2013**
	$	**$**
Increase 100 basis points	322,048	36,691
Decrease 100 basis points	(322,048)	(36,691)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis was performed on the same basis in 2013.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2014, the Group's significant concentration of credit risk is in relation to held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2014 (2013: nil).

24. Contingent Liabilities

There are no known contingent liabilities.

25. Share Based Payment Plan

(a) Recognised share based payment transactions

Share based payment transactions recognised as operating expenses in the statement of comprehensive income during the year were as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Operating expenses		
Employee share based payment	236,134	244,024

(b) Employee share based payment plan

The Group has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of Avanco Resources Limited. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Avanco Resources Limited.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the expected life of the options, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summaries options granted under ESOP:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
30 November 2010	30 September 2013	$0.18	25,000,000	-	-	25,000,000	-	-
10 January 2011	10 January 2014	$0.18	5,000,000	-	-	5,000,000	-	-
4 February 2011	4 February 2014	$0.18	1,000,000	-	-	1,000,000	-	-
27 June 2011	27 June 2014	$0.15	8,360,000	-	-	8,360,000	-	-
7 March 2012	31 December 2014	$0.18	5,000,000	-	-	-	5,000,000	5,000,000
5 April 2012	31 December 2014	$0.15	5,000,000	-	-	-	5,000,000	5,000,000
10 December 2012	30 September 2013	$0.18	10,000,000	-	-	10,000,000	-	-
29 November 2013	31 December 2015	$0.12	-	85,000,000	-	-	85,000,000	-
			59,360,000	85,000,000	-	(49,360,000)	95,000,000	10,000,000
Weighted remaining contractual life (years)			-	1.5	-	-	1.4	0.5
Weighted average exercise price			$0.17	$0.12	-	$0.18	$0.12	$0.17

The weighted average fair value of options granted during the year was $0.01 (2013: $0.01).

The model inputs, not included in the table above, for options granted during the year ended 30 June 2014 included:

(a) options are granted for no consideration and vest upon the Company achieving its first despatch of copper from the Stage 1 Project (2013: immediately);

(b) expected life of options is 2 years 1 month (2013: 0.8 years);

(c) share price at grant date of $0.055 (2013: $0.076);

(d) expected volatility of 58% (2013: 100%);

(e) expected dividend yield of Nil (2012: Nil); and

(f) a risk free interest rate of 2.585% (2013: 2.66%).

26. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report.
The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2014.
The balance of the franking account is Nil as at 30 June 2014 (2013: Nil).

27. Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values as the carrying value of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

28. Parent Entity Information

The following information related to the parent entity, Avanco Resources Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	Parent	
	2014	**2013**
	$	**$**
Current assets	31,615,972	3,172,570
Non-current assets	47,674,854	38,389,959
Total Assets	**79,290,826**	**41,562,529**
Current liabilities	437,401	219,222
Non-current liabilities	-	-
Total Liabilities	**437,401**	**219,222**
Net Assets	**78,853,425**	**41,343,307**
Issued capital	86,861,375	48,135,377
Share based payment reserve	5,579,075	5,342,941
Option reserves	549,200	549,200
Accumulated losses	(14,136,225)	(12,684,211)
Total Equity	**78,853,425**	**41,343,307**
Loss for the year	(1,452,015)	(1,575,841)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(1,452,015)**	**(1,575,841)**

Directors' Declaration

In accordance with a resolution of the Directors of Avanco Resources Limited, I state that:

1. In the opinion of the Directors:

(a) the financial statements and notes of the Group for the financial year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance, for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2 (b);

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2014.

On behalf of the Board

Anthony Polglase
Managing Director
23 September 2014

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Auditor's independence declaration to the Directors of Avanco Resources Limited

In relation to our audit of the financial report of Avanco Resources Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
23 September 2014

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Independent auditor's report to the members of Avanco Resources Limited

Report on the financial report

We have audited the accompanying financial report of Avanco Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Avanco Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the remuneration report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Avanco Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
23 September 2014

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 15 August 2014.

Substantial Share Holders

The names of shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Shareholder Name	No. of Ordinary Shares	Percentage %
Xstrata Holdings Pty Ltd	203,099,095	12.22
Appian Natural Resources Fund and its affiliates	192,765,945	11.60
BlackRock Group (BlackRock Inc. and its subsidiaries)	191,474,360	11.52

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	191	22,687
1,001 - 5,000	207	822,765
5,001 - 10,000	463	3,943,349
10,001 -100,000	2,359	108,232,291
100,001- and over	1,395	1,549,054,763
TOTAL	4,615	1,662,075,855

There were 178 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

Name	**Number of Ordinary Shares held**	**%**
J P Morgan Nominees Australia Limited	192,765,945	11.60
National Nominees Limited	191,474,360	11.52
GHP 104 160 689 Pty Ltd	167,099,095	10.05
Citicorp nominees Pty Limited	75,039,283	4.51
GHP104 160 689 Pty Ltd	36,000,000	2.17
Mitchell Grass Holding Singapore Pte Ltd	24,090,001	1.45
HSBC Custody Nominees (Australia) Limited	22,758,212	1.37
BNP Paribas Noms Pty Ltd <DRP>	11,742,308	0.71
Finot Pty Lltd	10,150,000	0.61
JB Were (NZ) Nominees Ltd <55341 a/c>	10,000,000	0.60
Adziel Pty Ltd	9,934,728	0.60
Vadora Holdings Pty Ltd <Vadora Investment a/c>	8,000,000	0.48
Mrs Gemma Louise Chenu	7,600,000	0.46
Mr Michael Riley & Ms Alison Meeking	7,000,000	0.42
Grizzley Holdings Pty Limited	6,666,666	0.40
Mr Christopher Robert Towan	6,530,000	0.39
Mr Jessie Xuan Nguyen	6,519,886	0.39
Mr Graham Jenkins & Mrs Marianne Jenkins <Gramar Super Fund a/c>	6,500,000	0.39
Brispot Nominees Pty Ltd <House Head Nominee No 1 a/c>	6,023,613	0.36
Mr Andrew John Goledzinowski	6,000,000	0.36
Total ordinary Shares	811,894,097	48.85

Restricted Securities
The are no restricted securities.

On-Market Buy Back
There is no current on-market buy back.

Voting Rights
All ordinary shares carry one vote per share without restriction.

Tenement Table

Project	Property Name	Tenure Title Holder	Interest %	AREA (ha)	DNPM No of Area	Status of Tenure
STAGE 1	RIO VERDE	AVB	100	9,300	853.714/93	Final Report Approved
	SERRA VERDE	AVB	100	7,359	850.892/06	^
	SERRA VERDE	AVB	100	2,391	850.622/07	#
	AGUA BOA	VDM	100	1,327	850.016/13	#
	AGUA BOA	ARM	100	8,907	850.823/05	***
	AGUA BOA	ARM	100	6,552	850.121/09	Granted to 2016
	AGUA BOA	ARM**	100	4,230	850.825/05	***
	AGUA BOA	VDM	100	8,957	850.826/12	***
STAGE 2	PEDRA BRANCA	VDM	100	3,195	850.318/00	Final Report Approved
	PEDRA BRANCA	VDM	100	2,825	850.448/05	Granted to 2014
	PEDRA BRANCA	VDM	100	5,381	850.575/05	Granted to 2014
	PEDRA BRANCA	VDM	100	2,655	850.829/06	Granted to 2014
	PEDRA BRANCA	VDM**	100	722	850.218/00	Granted to 2015
	PEDRA BRANCA	VDM**	100	9,997	850.015/08	Granted to 2016
	PEDRA BRANCA	VDM	100	8,881	850.570/03	Granted to 2016
	PEDRA BRANCA	AVB	100	4,106	850.202/13	Granted to 2016
	PEDRA BRANCA	VDM	100	9,391	850.707/09	Granted to 2017
	PEDRA BRANCA	VDM	100	9,879	850.526/04	Granted to 2017
	PEDRA BRANCA	VDM**	100	240	850.217/00	***
	PEDRA BRANCA	VDM	100	1,040	850.278/05	^
	PEDRA BRANCA	VDM	100	9,988	850.226/09	^
	PEDRA BRANCA	EST	#	4,999	850.700/13	#
	PEDRA BRANCA	AVB	#	598	300.420/11	#
	PEDRA BRANCA	VDM**	#	4,980	850.146/95	#
	PEDRA BRANCA	VDM**	#	9,993	850.173/02	#
	PEDRA BRANCA	VDM**	#	9,755	850.181/01	#
	PEDRA BRANCA	VDM**	#	10,000	850.300/93	#
	PEDRA BRANCA	VDM**	#	9,859	851.067/07	#
	PEDRA BRANCA	AVB	#	5,000	851.674/11	#
	PEDRA BRANCA	VDM	#	7,770	850.780/12	#
	PEDRA BRANCA	EST	#	1,904	851.037/13	#
	PEDRA BRANCA	VDM	#	7,770	851.195/12	#
Trindade North	TRINDADE NORTH	AVB	100	4,967	850.283/99	Final Report Submitted***
	TRINDADE NORTH	ARM	#	4,967	850.281/13	#
Touro Nickel Project	TRINDADE SOUTH	AVB	100	48	850.568/11	Granted to 2014
	TRINDADE SOUTH	AVB	100	49	850.567/11	Granted to 2015
	TRINDADE SOUTH	AVB	#	9,797	850.781/13	#
	TRINDADE SOUTH	AVB	#	9,797	850.569/11	#***
Regional Exploration	CARAJAS NORTH	VDM	#	4,347	850.015/13	#

AVB = AVB Mineracao ARM = Avanco Resources Mineracao VDM = Vale Dourado Mineracao EST = Estela do Brazil Mineracao

* Renewable on approval of the Final Exploration Report by the National Department of Mineral Production. Awaiting final decision.

** Expected to be, or awaiting or in the process of being transferred into respective subsidiary

*** Subject to pending legal process

**** Option Agreement

^ Application for an extension for further three year term, awaiting decision

New application for exploration permit (size of tenement may be reduced/reshaped, if approved and before approval)