

Avanco Resources enters 2017 with growing cash

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Avanco Resources (**ASX:AVB**) achieved record production, and passed a decisive milestone as it recorded positive cash flows during the December quarter at its Antas copper-gold mine in Brazil.

The company remains debt free, with cash balances increasing to \$22.9 million at year-end.

In addition, Avanco has made good progress developing its new project pipeline, advancing construction activities at the nearby Pedra Branca copper-gold project and posting a maiden resource at the CentroGold project.

Tony Polglase, managing director commented: “In 2016 Avanco passed the main milestone of any mining company when the Antas Mine came in to production, notably in our case, ahead of schedule and below budget.

“The final quarter of 2016 saw us pass the second major milestone when only a short-6 months after declaring commercial production, the mine is now producing generous free cash flows, and therefore we close the year with a healthy cash balance of US\$22.9 million and with no debt.

“We look forward to building on this success in 2017 as we continue to ramp-up, delivering more production at a time that the outlook for copper is improving, in addition to advancing the many growth opportunities available to us.”

December quarter highlights

During the quarter, production guidance was exceeded, with record quarterly production of 4,010 tonnes of copper and 2,839 ounces of gold.

Record quarterly concentrate sales of 13,868 tonnes were achieved along with provisional sales revenue of US\$23.0 million.

The C1 unit cash costs improved 2% to US\$1.22 per pound compared to the previous quarter.

Record free cash flow from operations increased to US\$7.5 million and cash increased by US\$3.5 million after capital expenditure of US\$22.9 million.

An excellent safety performance has been maintained with no lost-time injuries.

Infrastructure construction at Pedra Branca continues to advance and rights were purchased from a copper major to a prospective license along strike.

Maiden resource at CentroGold

The Cipoeira deposit within the CentroGold project consists of two separate zones; the Blanket Zone for which a maiden mineral resource was reported in December 2016 and the adjacent Contact Zone for which a maiden mineral resource was reported in January 2017.

Together they are host to over 1.2 million ounces of gold at an average grade of 2.0 g/t.

Background

Avanco owns a portfolio covering 1,800 square kilometres of the Carajas Mineral Province in Brazil.

The area hosts the world's largest concentration of large tonnage iron oxide copper gold (IOCG) deposits.

Avanco is now the second copper producer in the Carajas behind Vale.

Avanco's focus is on the development of Antas (Stage 1) and Pedra Branca (Stage 2).

Antas Stage 1 has a 7 year mine life with potential to extend and costs forecast to fall within the bottom quartile.

Antas Stage 1 has a Proved and Probable Ore Reserve of 3.63 million tonnes at 2.53% copper and 0.55 g/t gold.

Avanco aims to increase Antas production to 15,000 tonnes per annum copper by 2018.

Planning is underway to develop the significantly larger Pedra Branca underground project and establish Avanco as a 50,000 tonnes per annum copper producer.

Upcoming news flow

The company will report 2016 annual results on Tuesday 28 March 2017 and its first quarter 2017 activities report on Wednesday 26 April 2017.

In addition, the company is targeting the release of the Pedra Branca East pre-feasibility study and the CentroGold Cipoeira Deposit Scoping Study in the first quarter of 2017.



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