

Big Brazil buy by Avanco

AVANCO Resources anticipates ground being picked up from Vale could contain up to 400,000 tonnes of copper and cost it US\$35 million to be paid at rate of \$3 million per annum.

Michael Quinn | 16 Jan 2018 | 9:28



Avanco drilling at Pedra Branca.

The ground, called Pantera and located about 110km from Avanco's Pedra Branca pre-development asset, can be acquired for \$35 million – equivalent to 400,000t at 4c per pound – or at a cost of 4c/lb within the next two years following at least 14,000m of drilling and subsequent estimation of a JORC resource.

Avanco estimates the acquisition cost at \$20-35 million.

Resources identified above the 400,000t threshold within the “historical mineralised zone” will incur a higher cost of 6c/lb.

Geologically speaking, Pantera is interpreted as IOCG style, with Vale's drilling defining 1.5km of continuous mineralisation.

Avanco claims indications are the shear zone in the western side of the 100sq.km Pantera project containing the mineralisation “has potential upside to 4km of strike”.

It also believes “substantial potential exists within the underexplored eastern side of Pantera, where massive sulphides (not seen in drilling to the west) are being mined from a small artisanal shaft – with any additional resources discovered in this area not increasing the acquisition price.

A 5000m drilling campaign is being planned to start this quarter, after which a maiden JORC resource will be defined.

Avanco believes any development at Pantera is likely “well after” the CentroGold and Pedro Branca development opportunities currently in the ASX-listed company’s portfolio.

Avanco is currently producing about 14,000t of copper and 10,000 ounces of gold per annum from its Antas operation in Brazil.

Cash at the start of the December quarter stood at \$28.5 million.

Shares in Avanco were up 2% to A9c in morning trade, capitalising the company at \$221 million.

The stock has spent much of the past 6-7 years trading at levels between 6c and 10c.

Source: <http://www.miningnews.net/markets/mergers-acquisitions/big-brazil-buy-by-avanco/>