



**ARGONAUT**  
*The Natural Choice in Resources*

*Financial Advisers | Stockbroking & Research | Special Situations Financing*

Licensed in Australia & Hong Kong for Stockbroking & Corporate Finance



## ***Metals & Mining Research***

### **Best Undeveloped Projects**

*November 2017*

[www.argonaut.com](http://www.argonaut.com)



## SPEC BUY

Current Price **\$0.10**

Ticker:	AVB	
Sector:	Materials	
Shares on Issue (m):	2,456.9	
Market Cap (\$m):	235.9	
Net Cash (\$m):	29.0	
Enterprise Value (\$m):	206.9	
52 wk High/Low:	\$0.14	\$0.06
12m Av Daily Vol (m):	3.04	

Projects Name	Commodity	Location
Antas	Cu / Au	Brazil
Pedra Branca	Cu / Au	Brazil

Mineral Inventory (Pedra Branca and Antas)			Cu kt
	Mt	Grade (Cu Eq)	
Reserve (Antas only)	3.0	2.6%	80
Resource	33.2	2.0%	645

Directors	
Vern Tidy	Non-Executive Chairman
Anthony Polglase	Managing Director
Simon Mottram	Executive Director
Luis Azevedo	Executive Director
Luiz Ferraz	Non-Executive Director
Paul Chapman	Non-Executive Director

Substantial Shareholders	
Appian Natural Resources	18.5%
Greenstone Resources	16.7%
BlackRock	12.9%
Glencore	8.3%

Share Price Graph



## Avanco Resources

### Shallow high-grade copper

Analyst: Matthew Keane

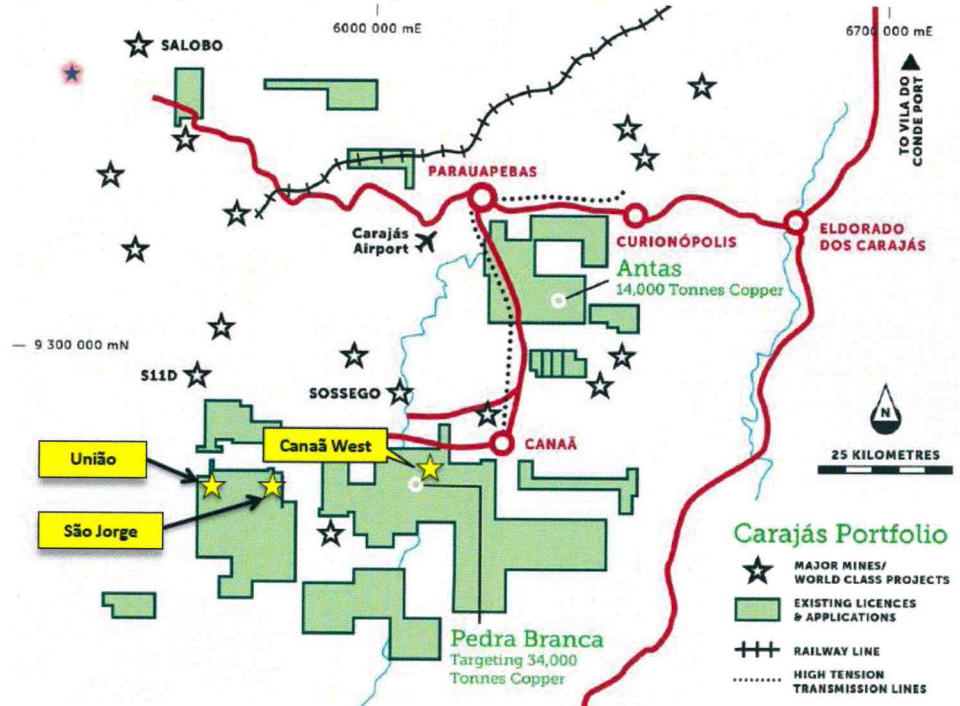
#### Quick Read

Avanco Resources (AVB) has already commenced mining at its Carajás Portfolio in Brazil with the Antas Mine producing 14kt copper and 10koz gold pa. However, we see the larger Pedra Branca (100% AVB) as the main prize, with a shallow high-grade resource of 18Mt at 2.4% copper and 0.7g/t gold. The May 2017 PFS outlined a 1.2Mtpa operation producing 24kt copper and 16koz gold with C1 costs of US\$1.30/lb and US\$158m development capex. Ore will be mined underground with most of the inventory within 300m of surface.

#### Overview

**Project Overview:** Pedra Branca is a shallow, high grade copper/gold deposit with potential to generate high margins off estimated C1 costs of US\$1.30/lb. At a US\$3.00/lb copper price, AVB derives a 37% IRR. We estimate a NPV<sub>10</sub> of ~US\$170m at US\$3.00/lb copper and US\$1,300/oz gold price. We see significant exploration upside, both east and west along strike and within the surrounding tenements.

Figure 1: Map of AVB's Carajás Portfolio in Brazil



Source: AVB

#### Recommendation

Argonaut assigns a SPEC BUY recommendation to AVB.