

27 March 2018

Recommended cash and scrip offer by OZ Minerals

Highlights of the Offer for Avanco Shareholders

- Highly compelling, unanimously recommended offer of \$0.085 cash plus 0.009 OZ Minerals shares for every one Avanco share
- Offer price represents \$0.168 per Avanco share, a 118% premium to the last closing price of Avanco¹
- Significant premium values Avanco at \$444m²
- Offer consideration is final and will not be increased³
- Shareholders collectively representing 30.62% of Avanco shares have indicated support. OZ Minerals has a Pre-Bid Acceptance Deed representing over 18.45% of Avanco shares
- Implementation by way of a Takeover with a 50.1% bid acceptance condition
- The Bid Implementation Deed has limited other conditions that are customary for a transaction of this nature

ASX: AVB, Avanco Resources Limited (“Avanco” or “The Company”) is pleased to announce that it has entered into a Bid Implementation Deed (“**BID**”) with OZ Minerals Limited (“**OZ Minerals**” or “**OZL**”) for a recommended off-market cash and scrip takeover offer (“**Offer**”) by OZ Minerals to acquire all of the issued shares of Avanco for \$0.085 cash plus 0.009 OZ Minerals shares per Avanco share. The BID between OZ Minerals and Avanco (which is attached to this announcement) contains certain terms that are customary for a transaction of this nature, some of which are summarised below.

The Board of Avanco **unanimously recommends** that all Avanco shareholders accept the Offer, subject to no superior proposal being received. Avanco’s directors and management, who collectively own 0.57% of Avanco shares⁴ and funds and accounts under management by BlackRock Investment Management (UK) Limited, representing 11.6% of Avanco shares have stated their intention to accept OZ Minerals’ Offer in the absence of a superior proposal.

OZ Minerals has entered into a Pre-Bid Acceptance Deed with Appian⁵ under which it has agreed to accept the Offer (subject to certain conditions) in respect of its entire 18.45% interest in Avanco shares.

Managing Director of Avanco, Tony Polglase, commented:

“OZ Minerals’ Offer is at a significant premium to recent trading levels and provides an attractive opportunity for Avanco shareholders to both crystallise value today whilst also maintaining base metals exposure through their holding in OZ Minerals, one of Australia’s leading base metals producers. Avanco shareholders will continue to have exposure to Avanco’s exciting asset portfolio in Brazil and OZ Minerals is strongly supportive of the Avanco management team’s Brazilian development strategy. The combination of OZ Minerals’ robust Australian asset portfolio, experienced team and strong balance sheet with Avanco’s largely undeveloped, high quality Brazilian asset portfolio provides for a promising future for the combined entity and its shareholders.”

Director’s Recommendations

The Board’s unanimous support of the OZ Minerals Offer follows careful consideration of the options available to Avanco, including continuing to operate the Antas mine and proceeding with the development of its Pedra Branca, CentroGold and other Brazilian projects on a standalone basis. Based on the key reasons outlined below, the Avanco Board has concluded that the OZ Minerals Offer is in the best interests of Avanco shareholders:

- **Attractive Premium⁶** - OZ Minerals’ Offer represents an approximate:
 - 118% premium to the closing price of Avanco on 26 March 2018, the last trading day prior to the announcement of the Offer;
 - 118% premium to the 5-day volume weighted average price (**VWAP**) of Avanco up to and including 26 March 2018; and
 - 115% premium to the 1-month VWAP of Avanco up to and including 26 March 2018.
- **Certainty of Cash and Liquidity** - The Offer creates greater certainty for Avanco shareholders. The cash and scrip offer composition provides for an immediate crystallisation of value with over 50% of the consideration being cash. The balance of consideration is in the form of very liquid OZ Minerals shares.
- **Exposure to Combined Upside** – Avanco shareholders can retain leverage to copper and precious metals in one of Australia’s leading independent base metals producers. If OZ Minerals successfully acquires all of the outstanding Avanco shares under the Offer, Avanco shareholders will own up to 7.3% of the combined entity, providing exposure to:
 - OZ Minerals’ high margin, South Australian Prominent Hill copper mine along with its exciting development portfolio headlined by the Carrapateena project in South Australia.
 - Avanco’s promising asset portfolio in the world class Carajás region in Brazil and the Gurupi Greenstone Gold Belt, but with the backing of the strong OZ Minerals balance sheet.

Summary Conditions of the Offer

The BID (see Annexure A) contains customary deal protection mechanisms including “no shop”, “no talk” and “no due diligence” restrictions as well as notification and matching rights in the event of a competing proposal. A break fee may also be payable in certain circumstances.

The Offer remains subject to certain conditions, the full list of which is set out in the BID, and includes:

- 50.1% minimum acceptance condition
- no material adverse change or prescribed occurrences in relation to Avanco
- no adverse regulatory event affecting Avanco or its assets
- receipt of change of control consents for Avanco material contracts
- other customary conditions for a transaction of this type

Timetable

Detailed information relating to the Offer will be set out in the Bidder’s Statement and Target’s Statement, which are both expected to be dispatched to Avanco shareholders in April 2018.

Advisers to the Transaction

Taylor Collison is acting as corporate advisor and Steinepreis Paganin as legal advisor to Avanco.

About OZ Minerals

OZ Minerals is an Australian based mining company with a focus on copper, listed on the Australian Securities Exchange.

OZ Minerals owns and operates the copper-gold-silver mine at Prominent Hill and is developing one of Australia’s largest copper-gold resources at Carrapateena. OZ Minerals is focused on creating a pipeline of growth opportunities. Its commitment to safety, capital discipline and creating value for stakeholders underpin everything it does.

As Australia's third largest copper producer, with quality assets, a healthy cash balance and no debt, it believes it is ideally positioned for global growth.

For further information please visit www.avancoresources.com or contact:

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Company Secretary
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¹ Based on the closing price of Avanco on 26 March 2018 and OZ Minerals' 5-day VWAP up to and including 26 March 2018 of \$9.174. Using OZ Minerals' last closing price of \$9.00 or 1-month VWAP of \$9.45, the Offer is valued at \$0.166 and \$0.170 respectively.

² Based on OZ Minerals' 5-day VWAP up to and including 26 March 2018 and Avanco on a fully diluted basis.

³ In the absence of a competing proposal.

⁴ This is in addition to key Avanco management personnel confirming their intention to accept the Offer (in the absence of a superior proposal) for any new Avanco shares issued upon exercise of their Avanco options.

⁵ Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.

⁶ All premia analysis is calculated using OZ Minerals' 5-day VWAP up to and including 26 March 2018.



HERBERT
SMITH
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Deed

Bid Implementation Deed

OZ Minerals Limited
Avanco Resources Limited

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Bid Implementation Deed

Date ► 27 March 2018

Between the parties

OZ Minerals

OZ Minerals Limited ABN 40 005 482 824

of Level 1, 162 Greenhill Road, Parkside, South Australia 5063

Avanco

Avanco Resources Limited ABN 85 126 379 646

of Suite 3, 257 York Street, Subiaco, Western Australia 6008

Recitals

- 1 OZ Minerals is proposing to make a Takeover Bid for all Avanco Shares and the Avanco Directors are proposing to recommend the Takeover Bid in the absence of a Superior Proposal.
 - 2 The parties have agreed to implement the Takeover Bid on the terms and conditions set out in this deed.
-

This deed witnesses as follows:



1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
Agreed Bid Terms	the terms and conditions of the Offer set out in Schedule 1.
Announcement Date	has the meaning given to that term in the Bidder's Statement.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Avanco Board	the board of directors of Avanco.
Avanco Director	a director of Avanco.
Avanco Group	Avanco and each of its Subsidiaries, and a reference to a ' Avanco Group Member ' is to Avanco or any of its Subsidiaries.
Avanco Indemnified Parties	Avanco, its Subsidiaries and their respective directors, officers and employees.
Avanco Option	an option over an unissued ordinary share in Avanco.
Avanco Representations and Warranties	the representations and warranties of Avanco set out in Schedule 3.



Term	Meaning
Avanco Share	an ordinary share in the capital of Avanco, including all shares on issue as at the end of the Offer Period.
Avanco Shareholder	a person who is registered as the holder of an Avanco Share in the Avanco Share register.
Bid Conditions	the conditions to the Offer set out in clause 3 of Schedule 1 of the Agreed Bid Terms.
Bid Period	has the meaning given in section 9 of the Corporations Act.
Bidder's Statement	the bidder's statement to be prepared by OZ Minerals in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Adelaide.
Claim	<p>any claim, demand, legal proceedings or cause of action, including any claim, demand, legal proceedings or cause of action:</p> <ol style="list-style-type: none">1 based in contract (including breach of warranty);2 based in tort (including misrepresentation or negligence);3 under common law or equity; or4 under statute (including the Australian Consumer Law (being Schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth) or Part VI of the <i>Competition and Consumer Act 2010</i> (Cth), or like provision in any state or territory legislation), <p>in any way relating to this deed, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this deed.</p>
Competing Proposal	<p>any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none">1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 10% or more of the Avanco Shares or any material Subsidiary of Avanco;2 acquiring Control of Avanco or any material Subsidiary of Avanco;



Term	Meaning
	<p>3 directly or indirectly acquiring or become the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of Avanco's business or assets or the business or assets of the Avanco Group;</p> <p>4 otherwise directly or indirectly acquiring or merging with Avanco or a material Subsidiary of Avanco; or</p> <p>5 requiring Avanco to abandon, or otherwise fail to proceed with, the Takeover Bid,</p> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>Each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Confidentiality Agreement	the mutual confidentiality deed between OZ Minerals and Avanco dated 14 February 2018.
Control	has the meaning given in section 50AA of the Corporations Act, disregarding subsection 50AA(4).
Control Date	the date on which the OZ Minerals acquires a Relevant Interest in 50.1% or more of all Avanco Share on issue.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Data Room	the online data room established by Avanco which is accessed at: https://dataroom.ansarada.com/ProjectAvanco.dr .
Disclosure Letter	a letter identified as such provided by Avanco to OZ Minerals and countersigned by OZ Minerals prior to entry into this deed.
Disclosure Materials	1 the documents and information contained in the Data Room made available by Avanco to OZ Minerals and its Related Persons prior to entry into this deed, the index of which has been initialled by, or on behalf of, the parties for identification;



Term	Meaning
	<ol style="list-style-type: none">2 written responses from Avanco and its Related Persons to requests for further information made by OZ Minerals and its Related Persons prior to the entry into this deed; and3 the Disclosure Letter.
Exclusivity Period	<p>the period from and including the date of this deed until the earlier of:</p> <ol style="list-style-type: none">1 the date of termination of this deed;2 the end of the Offer Period; and3 the date that is 6 months after the date of this deed.
Fairly Disclosed	<p>a reference to 'Fairly Disclosed' means disclosed to OZ Minerals, to the extent that, and in sufficient detail so as to enable OZ Minerals to identify with reasonable particularity the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).</p>
Financial Adviser	<p>any financial adviser retained by a party in relation to the Takeover Bid or a Competing Proposal from time to time.</p>
Government Agency	<p>any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.</p>
Insolvency Event	<p>means, in relation to an entity:</p> <ol style="list-style-type: none">1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;3 the entity executing a deed of company arrangement;4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act



Term	Meaning
	unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or 6 the entity being deregistered as a company or otherwise dissolved.
JORC Code	the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition).
Listing Rules	the official listing rules of ASX, as amended and waived by ASX from time to time.
Mineral Resources	has the meaning given in the JORC Code.
Offer	has the meaning given in clause 2.1(a).
Offer Period	the period that the Offer is open for acceptance.
Ore Reserves	has the meaning given in the JORC Code.
New OZ Minerals Share	an OZ Minerals Share to be issued to under the Takeover Bid.
OZ Minerals Group	OZ Minerals and each of its Subsidiaries, and a reference to a ' OZ Minerals Group Member ' or a ' member of the OZ Minerals Group ' is to OZ Minerals or any of its Subsidiaries.
OZ Minerals Indemnified Party	OZ Minerals, its Subsidiaries and their respective directors, officers and employees.
OZ Minerals Representations and Warranties	the representations and warranties of OZ Minerals set out in Schedule 2.
OZ Minerals Shares	fully paid ordinary shares in the capital of OZ Minerals.
Reimbursement Fee	\$4,400,000.



Term	Meaning
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Related Person	in respect of a party or its Related Bodies Corporate, each director, officer, employee, Financial Adviser (and each director, officer, employee or contractor of that Financial Adviser), agent or representative of that party or Related Body Corporate.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Security Interest	has the meaning given in section 51A of the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	<p>a <i>bona fide</i> Competing Proposal received by Avanco from a Third Party:</p> <ol style="list-style-type: none">1 which, if entered into or completed, would result in a Third Party acquiring Control of Avanco;2 not resulting from a breach by Avanco of any of its obligations under clause 11 (it being understood that any actions by the Related Persons of Avanco in breach of clause 11 shall be deemed to be a breach by Avanco for the purpose hereof); and <p>which the Avanco Board, acting in good faith, and after receiving written legal advice from its external legal adviser and written advice from its Financial Adviser, determines:</p> <ol style="list-style-type: none">3 is reasonably capable of being valued and completed in a timely fashion; and4 would, if completed substantially in accordance with its terms, likely be more favourable to Avanco Shareholders (as a whole) than the Takeover Bid (as completed, and as the terms of the Takeover Bid may be amended or varied following the application of the matching right set out in clause 11.4), <p>in each case, taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent or other matters affecting the probability of the Competing Proposal being completed).</p>
Takeover Bid	a takeover bid by OZ Minerals for the Avanco Shares that satisfies the requirements in clause 2.



Term	Meaning
Target's Statement	Avanco's statement to be prepared by Avanco in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.
Third Party	a person other than Avanco, OZ Minerals or their respective Related Bodies Corporate or Associates.

1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency, as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to this deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) a reference to an agreement other than this deed includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (m) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;



- (n) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision;
- (o) a reference to a body (including an institute, association or authority), other than a party to this deed, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) a reference to '\$', 'A\$' or 'dollar' is to the lawful currency of Australia;
- (q) a reference to any time, unless otherwise indicated, is to the time in Adelaide, Australia;
- (r) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (s) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (t) if an act prescribed under this deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (u) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1, has the same meaning when used in this deed; and
- (v) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Deed components

This deed includes any schedule.

2 The Takeover Bid

2.1 Making the Takeover Bid

Subject to clause 2.2, OZ Minerals agrees to:

- (a) make offers pursuant to an off-market takeover bid under Chapter 6 of the Corporations Act to acquire all the Avanco Shares on terms and conditions the same as or not substantially less favourable to Avanco Shareholders than the terms and conditions of this deed (including the Agreed Bid Terms) (together, the **Offers** and each, an **Offer**); and



- (b) without limiting this clause 2.1, publicly announce a proposal to make the Takeover Bid constituted by the dispatch of the Offers, in accordance with clause 9.1, as soon as reasonably practicable after both parties have executed this deed.

2.2 OZ Minerals may use Subsidiary

- (a) Subject to clause 2.2(b), OZ Minerals may satisfy its obligations under clause 2.1 by procuring a Subsidiary to perform its obligations under clause 2.1, in which case references to:
 - (1) the Takeover Bid are references to the takeover bid by that Subsidiary; and
 - (2) OZ Minerals making the Takeover Bid are references to OZ Minerals causing that Subsidiary to make the Takeover Bid.
- (b) OZ Minerals acknowledges and agrees that if, pursuant to clause 2.2(a), it elects to procure a Subsidiary to perform its obligations under clause 2.1, OZ Minerals remains liable to Avanco for the due performance of those obligations.

2.3 Avanco Directors' recommendation and acceptance

- (a) Avanco represents and warrants that:
 - (1) the Avanco Board has met and considered the possibility of OZ Minerals agreeing to make the Takeover Bid; and
 - (2) each of the Avanco Directors has informed Avanco that, if OZ Minerals publicly announces a proposal to make the Takeover Bid, they will:
 - (A) unanimously recommend that Avanco Shareholders accept the Offer to be made to them under the Takeover Bid; and
 - (B) accept, or procure the acceptance of, the Offer in respect of any Avanco Shares that they, or their Associates own or control, including the Avanco Shares set out in Schedule 5, in each case in the absence of a Superior Proposal.
- (b) During the Offer Period, Avanco must, subject to clause 2.3(c):
 - (1) use its best endeavours to procure that the Avanco Directors support the Takeover Bid and participate in efforts reasonably required by OZ Minerals to promote the merits of the Takeover Bid, including meeting with key Avanco Shareholders, analysts, management, joint venture partners and press if reasonably requested to do so by OZ Minerals;
 - (2) procure that, subject to clause 2.3(c) the Avanco Directors unanimously recommend that Avanco Shareholders accept the Offers made to them and do not make any public statement or take any other public action which would suggest that the Takeover Bid is not unanimously recommended by the Avanco Directors;
 - (3) procure that, subject to clause 2.3(c) the Avanco Directors collectively, and each Avanco Director individually, do not change, withdraw or modify his or her recommendation for Avanco Shareholders to accept the Offer;
 - (4) include in all public statements relating to the Takeover Bid, a

statement to the effect that:

- (A) the Avanco Directors unanimously recommend that Avanco Shareholders accept the Offers made to them;
- (B) each Avanco Director intends to accept, or procure the acceptance of, the Offers made to them in respect of all Avanco Shares they own or control, including the Avanco Shares set out in Schedule 5,

in each case in the absence of a Superior Proposal.

- (c) Avanco's obligations under clause 2.3(b) do not apply if Avanco has complied with its obligations under clause 11 and each of the following has occurred:
 - (1) Avanco has received, other than as a result of a breach of clause 11, and continued to be in possession of, a Superior Proposal; and
 - (2) OZ Minerals' rights under clause 11 have been exhausted; and
 - (3) the Avanco Board has determined in good faith after consultation with Avanco's Financial Advisers that the proposal is a Superior Proposal, and receiving written advice from Avanco's external legal adviser practising in the area of corporate law, that failing to take the action or refusing to take the action (as the case may be) with respect to the Superior Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the Avanco Board.

2.4 Avanco Shares issued during the Offer Period

OZ Minerals agrees that, subject to section 617 of the Corporations Act, it will extend Offers to all Avanco Shares that are issued as a result of the exercise of any Avanco Options during the period from the date set under section 633(2) of the Corporations Act to the end of the Offer Period.

2.5 Avanco Options

- (a) On or about the date of this deed, each of Anthony Polglase, Vernon Tidy, Simon Mottram, Luis Azevedo, Colin Jones, Scott Funston and Wayne Phillips (**Key Management Personnel**) entered into deed polls in favour of OZ Minerals. Under the deed polls, the Key Management Personnel, have expressed an intention to accept the Offers for any shares issued on exercise of their Avanco Options, subject to the terms of those deed polls.
- (b) Avanco will make offers to each holder of Avanco Options (other than Key Management Personnel) in a form approved by OZ Minerals to cancel each of their Avanco Options for a cash price equal to \$0.17 minus \$0.10, conditional on:
 - (1) OZ Minerals being entitled to compulsorily acquire all Avanco Shares; and
 - (2) the Takeover Bid being declared unconditional.



3 Facilitating the Offer

3.1 Bidder's Statement and Target's Statement

- (a) OZ Minerals will, to the extent practicable, give Avanco a reasonable opportunity to review an advanced draft of the Bidder's Statement at least 2 Business Days before OZ Minerals proposes to lodge the Bidder's Statement with ASIC, and will consult in good faith with Avanco with respect to any comments Avanco may have on the draft Bidder's Statement (as applicable).
- (b) Avanco will, to the extent practicable, give OZ Minerals a reasonable opportunity to review an advanced draft of the Target's Statement at least 2 Business Days before Avanco proposes to lodge the Target's Statement with ASIC, and will consult in good faith with OZ Minerals in relation to any comments OZ Minerals may have on the draft Target's Statement (as applicable).
- (c) The parties agree that an independent expert's report is not required.

3.2 Dispatch of Offers

- (a) Avanco agrees that the Offers and accompanying documents to be sent by OZ Minerals under item 6 of section 633(1) of the Corporations Act may be sent on a date that is earlier than the date prescribed by item 6 of section 633(1) of the Corporations Act.
- (b) Each party agrees to use reasonable endeavours to implement the Takeover Bid as soon as reasonably practicable.

3.3 Access to information

- (a) Each party agrees to provide the other party, on a timely basis, with information that may be reasonably required to assist in the preparation of the Bidder's Statement or the Target's Statement (as applicable).
- (b) Avanco agrees to provide to OZ Minerals on the Business Day after the date of this deed and on each reasonable request thereafter until the end of the Offer Period, at no cost to OZ Minerals, such information about Avanco Shareholders as reasonably requested by OZ Minerals to make the Offers and solicit acceptances, including the:
 - (1) register of members of Avanco and any updates to it; and
 - (2) register of information that is required to be maintained in accordance with section 672DA of the Corporations Act, along with any consolidated reporting held or received by Avanco in relation to the information contained in that register or analysis.

3.4 Bid Conditions

- (a) Subject to clause 3.4(b), each party:
 - (1) must use its reasonable endeavours to satisfy the Bid Conditions as soon as practicable after the date of this deed; and
 - (2) agrees not to do, or omit to do, anything which will, or is likely to, result in any of the Bid Conditions being breached.



- (b) Nothing in this clause 3.4 prevents Avanco or the Avanco Board from taking, or failing to take, action where to do otherwise would, in the opinion of the Avanco Board (determined in good faith and acting reasonably after receiving written legal advice from external lawyers), constitute a breach of the Avanco Directors' fiduciary or statutory duties or where that would be permitted by clause 4.1(b)(6).
- (c) Each party must keep the other promptly and reasonably informed of the steps it has taken and its progress towards satisfaction of the Bid Conditions, and promptly notify the other if it becomes aware that any Bid Condition has been satisfied. If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or cause satisfaction of them to be unreasonably delayed, each party must, to the extent that the party is actually aware of such information, immediately notify the other party of that event.
- (d) A reference in this clause 3.4 to a Bid Condition being breached includes a reference to the Bid Condition not being, or not being capable of being, satisfied.

4 Conduct of Avanco during Offer Period

4.1 Conduct of Avanco business

- (a) Subject to clause 4.1(b), from the date of this deed up to and including the end of the Offer Period, and without limiting any other obligations of Avanco under this deed, Avanco must:
 - (1) conduct its businesses and operations, and must cause each Avanco Group Member to conduct its respective business and operations, in the ordinary and usual course generally consistent with the manner in which each such business and operations have been conducted in the 12 month period prior to the date of this deed;
 - (2) keep OZ Minerals informed of any material developments concerning the conduct of business;
 - (3) not enter into any line of business or other activities in which the Avanco Group is not engaged as of the date of this deed;
 - (4) provide regular reports on the financial affairs of the Avanco Group, including the provision of the Avanco Group's monthly management accounts, in a timely manner to OZ Minerals;
 - (5) ensure that:
 - (A) there is no breach of Bid Condition 6 (No prescribed occurrences); and
 - (B) there is no occurrence within its control or the control of any other Avanco Group Member that would constitute or be likely to constitute a breach of Bid Condition 5 (No material adverse change); and
 - (6) make all reasonable efforts, and procure that each other Avanco Group Member makes all reasonable efforts, to:
 - (A) preserve and maintain the value of the businesses and assets of the Avanco Group;

- (B) keep available the services of the directors, officers and employees of each member of the Avanco Group; and
 - (C) maintain and preserve their relationships with Government Agencies, customers, suppliers, joint venturers, licensors, licensees and others having business dealings with any Avanco Group Member.
- (b) Nothing in clause 4.1(a) restricts the ability of Avanco to take any action:
- (1) which is required by any applicable law or Government Agency;
 - (2) which is required or expressly permitted by this deed or the Takeover Bid;
 - (3) which has been agreed to in writing by OZ Minerals;
 - (4) which is Fairly Disclosed in the Disclosure Materials as being an action that the Avanco Group intends to carry out between the date of this deed and the end of the Offer Period (including any transaction, expenditure or other matter disclosed in Avanco's FY18 Budget provided to OZ Minerals prior to the date of this deed); or
 - (5) Fairly Disclosed in public filings to ASX prior to the date of this deed as being actions that the Avanco Group intends to carry out between the date of this deed and the end of the Offer Period; or
 - (6) required to be done by the Avanco Group (or the Related Persons of any member of the Avanco Group) to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property).
- (c) From the date of this deed until the end of the Offer Period, Avanco will promptly notify OZ Minerals orally and in writing of anything of which it becomes aware that:
- (1) makes any material information publicly filed by Avanco (either on its own account or in respect of any other Avanco Group Member) to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect;
 - (2) makes any of the Avanco Representations and Warranties false, inaccurate, misleading or deceptive in any material respect;
 - (3) makes any information provided in the Disclosure Materials incomplete, incorrect, untrue or misleading in any material respect; or
 - (4) would constitute or be likely to constitute a breach of Bid Condition 6 (No prescribed occurrences), breach of Bid Condition 5 (No material adverse change) or breach of this clause 4.1.

4.2 Appointment of directors

As soon as practicable after OZ Minerals has a Relevant Interest in more than 50% of the Avanco Shares and the Offer becomes or is declared unconditional, if requested by OZ Minerals, Avanco must use its best endeavours to procure the resignation and appointment of directors of Avanco (and its Subsidiaries) such that a majority of the directors of Avanco are directors nominated by OZ Minerals in writing.

5 Integration planning

5.1 Access to information

- (a) Between the date of this deed and the end of the Offer Period, Avanco must make available to OZ Minerals and its Related Persons:
- (1) all information reasonably requested by OZ Minerals (subject to clause 5.1(b)(2));
 - (2) such senior executives of Avanco as reasonably requested by OZ Minerals at mutually convenient times; and
 - (3) reasonable co-operation,
- for the purpose of:
- (4) OZ Minerals understanding the operations of the Avanco Group's business, financial position, prospects and affairs in order to facilitate the integration of the parties' businesses; or
 - (5) keeping OZ Minerals informed of material developments relating to the Avanco Group; or
 - (6) any other purpose agreed between the parties.
- (b) In carrying out these investigations:
- (1) nothing in this clause will require Avanco to provide information concerning its directors' and management's consideration of the Takeover Bid or a Competing Proposal;
 - (2) information need not be provided if that would result in unreasonable disruptions to Avanco's business, is (in the reasonable opinion of Avanco) commercially sensitive, would breach an existing confidentiality obligation owed to a Third Party or any applicable law or require Avanco to make any disclosure that would compromise legal privilege; and
 - (3) the parties acknowledge that their investigations and obligations under this clause 5.1 are subject to the Confidentiality Agreement.

5.2 Change of control provisions

- (a) As soon as practicable after the date of this deed, Avanco must identify any change of control or unilateral termination rights in contracts to which Avanco or another Avanco Group Member is party which may be triggered by or exercised in response to, or as a result of, the announcement of, or acceptances under, the Takeover Bid.
- (b) In respect of those contracts:
- (1) The parties will agree a proposed course of action and then Avanco will initiate contact, including joint discussions if required, with the relevant counterparties and request that they provide any consents or confirmations required or appropriate.
 - (2) Avanco must take all reasonable action necessary to obtain such consents or confirmations as expeditiously as possible, including by promptly providing any information reasonably required by counterparties.

- (3) OZ Minerals must cooperate with, and provide all reasonable assistance to, Avanco to obtain such consents or confirmations, including by promptly providing any information reasonably required by counterparties.

6 Representations and warranties

6.1 OZ Minerals' representations and warranties

OZ Minerals represents and warrants to Avanco (in its own right and separately as trustee or nominee for each of the other Avanco Indemnified Parties) each of the OZ Minerals Representations and Warranties.

6.2 OZ Minerals' indemnity

OZ Minerals agrees with Avanco (in its own right and separately as trustee or nominee for each of the other Avanco Indemnified Parties) to indemnify Avanco and each of the Avanco Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Avanco or any of the other Avanco Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the OZ Minerals Representations and Warranties.

6.3 Qualifications on OZ Minerals' representations, warranties and indemnities

The OZ Minerals Representations and Warranties in clause 6.1 and the indemnity in clause 6.2, are each subject to matters that have been fairly disclosed in OZ Minerals' announcements to ASX, or a publicly available document lodged with ASIC, in the 12 month period prior to the date of this deed.

6.4 Avanco's representations and warranties

Avanco represents and warrants to OZ Minerals (in its own right and separately as trustee or nominee for each of the other OZ Minerals Indemnified Parties) each of the Avanco Representations and Warranties.

6.5 Avanco's indemnity

Subject to clause 12.7, Avanco agrees with OZ Minerals (in its own right and separately as trustee or nominee for each OZ Minerals Indemnified Party) to indemnify OZ Minerals and each of the OZ Minerals Indemnified Parties from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that OZ Minerals or any of the other OZ Minerals Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Avanco Representations and Warranties.

6.6 Qualifications on Avanco's representations, warranties and indemnities

The Avanco Representations and Warranties in clause 6.4 and the indemnity in clause 6.5, are each subject to matters that have been Fairly Disclosed in:

- (a) the Disclosure Materials; and



- (b) Avanco's announcements to ASX, or a publicly available document lodged with ASIC, in the 12 month period prior to the date of this deed.

6.7 Survival of representations and warranties

Each representation and warranty in clauses 6.1 and 6.4:

- (a) is severable;
- (b) survives the termination of this deed; and
- (c) is given with the intention that liability under it is not confined to breaches that are discovered before the date of termination of this deed.

6.8 Survival of indemnities

Each indemnity in this deed (including those in clauses 6.2 and 6.5):

- (a) is severable;
- (b) is a continuing obligation;
- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
- (d) survives the termination of this deed.

6.9 Timing of representations and warranties

Each representation and warranty made or given under clauses 6.1 or 6.4 is given at the date of this deed and on each day up to and including the last day of the Exclusivity Period, unless that representation or warranty is expressed to be given at a particular time, in which case it is given at that time.

6.10 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it, are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed.

7 Releases

7.1 Avanco and Avanco directors and officers

- (a) OZ Minerals releases its rights, and agrees with Avanco that it will not make a claim, against any Avanco Indemnified Party (other than Avanco and its Related



Bodies Corporate) as at the date of this deed and from time to time in connection with:

- (1) any breach of any representations and warranties of Avanco or any other member of the Avanco Group in this deed; or
- (2) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Avanco Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 7.1(a) limits OZ Minerals' rights to terminate this deed under clause 13.2(a).

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Avanco receives and holds the benefit of this clause to the extent it relates to each Avanco Indemnified Party as trustee for each of them.

7.2 OZ Minerals and OZ Minerals directors and officers

- (a) Avanco releases its rights, and agrees with OZ Minerals that it will not make a claim, against any OZ Minerals Indemnified Party (other than OZ Minerals and its Related Bodies Corporate) as at the date of this deed and from time to time in connection with:

- (1) any breach of any representations and warranties of OZ Minerals or any other member of the OZ Minerals Group in this deed; or
- (2) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the OZ Minerals Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 7.2(a) limits Avanco's rights to terminate this deed under clause 13.2(b).

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) OZ Minerals receives and holds the benefit of this clause to the extent it relates to each OZ Minerals Indemnified Party as trustee for each of them.

7.3 Deeds of indemnity and insurance

- (a) OZ Minerals agrees that, following the Control Date, Avanco will take out run-off insurance cover with a reputable insurer, on terms that are no less advantageous to each person who is a director or officer of Avanco or any of its Related Bodies Corporate at the Control Date than the coverage provided under the existing D&O policies of the Avanco Group, insuring each applicable Avanco Indemnified Person for a period of seven years after the Control Date, to the maximum extent permitted by law, against all liabilities incurred by the Avanco Indemnified Person in the course of his or her service as a director or officer of any member of the Avanco Group.
- (b) Avanco agrees to consult in good faith with OZ Minerals regarding to cost of the insurance cover referred to in clause 7.3(a) in advance of taking out such insurance cover.



- (c) Subject to OZ Minerals acquiring a Relevant Interest in 50% or more of the Avanco Shares, OZ Minerals undertakes in favour of Avanco and each other person who is an Avanco Indemnified Party that it will:
- (1) for a period of 7 years from the Control Date, ensure that the constitutions of Avanco and each other Avanco Group Member continues to contain such rules as are contained in those constitutions as at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than an Avanco Group Member; and
 - (2) procure that Avanco and each Avanco Group Member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, if for any reason the insurance cover referred to in clause 7.3(a) is not taken out by Avanco, or ceases to be in place or available for any reason during the period of seven years after the Control Date, OZ Minerals must procure that Avanco takes out:
 - (A) directors' and officers' run-off insurance cover for such directors and officers and maintains it for a period of 7 years from the retirement date of each director and officer to the maximum extent permitted by law; and
 - (B) such cover is with a reputable insurer, and on terms that are no less advantageous to each of the applicable Avanco Indemnified Persons than the coverage provided under the D&O policies of the OZ Minerals Group from time to time, insuring each applicable Avanco Indemnified Person against all liabilities incurred by the Avanco Indemnified Person in the course of his or her service as a director or Officer of any member of the Avanco Group; and
 - (3) OZ Minerals must use its reasonable endeavours to not do anything, and must use its reasonable endeavours to procure that no other member of the OZ Minerals Group or Avanco Group following the Control Date does anything, which prejudices any insurance cover taken out under clause 7.3(a) or 7.3(c)(2), as applicable
- (d) The undertakings contained in clause 7.3(c) are subject to any Corporations Act restriction and will be read down accordingly.
- (e) Avanco receives and holds the benefit of clause 7.3(c), to the extent it relates to the other Avanco Indemnified Parties, as trustee for them.

8 Takeover Bid – variation and waiver

8.1 Variation

OZ Minerals may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act, provided that the varied terms and conditions are not substantially less favourable to Avanco Shareholders than the terms set out in this deed (including the Agreed Bid Terms).



8.2 Waiver of Bid Conditions and extension

Subject to the Corporations Act, OZ Minerals may declare the Takeover Bid to be free from any Bid Condition or extend the Takeover Bid at any time.

9 Public announcement

9.1 Announcement of the Takeover Bid

Immediately after the execution of this deed, each of Avanco and OZ Minerals must issue a public announcement concerning the Takeover Bid substantially in the forms agreed between the parties.

9.2 Subsequent announcements and disclosure

Where a party proposes to make any public announcement in connection with the Takeover Bid, it must to the extent practicable and lawful to do so, consult with the other party prior to making the relevant disclosure and take account of any reasonable comments received from the other party in relation to the form and content of the announcement or disclosure.

10 Confidentiality

Avanco and OZ Minerals acknowledge and agree that they continue to be bound by the Confidentiality Agreement after the date of this deed. The rights and obligations of the parties under the Confidentiality Agreement survive termination of this deed. To the extent of any inconsistency between the Confidentiality Agreement and this deed, the terms of the Confidentiality Agreement shall prevail.

11 Exclusivity

11.1 No shop and no talk

During the Exclusivity Period, Avanco must not, and must ensure that each of its Related Persons does not, directly or indirectly:

- (a) **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this clause 11.1(a); or
- (b) **(no talk and no due diligence)** subject to clause 11.2:
 - (1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential



Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;

- (2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
- (3) disclose or otherwise provide any non-public information about the business or affairs of the Avanco Group to a Third Party (other than a Government Agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Avanco Group whether by that Third Party or another person; or
- (4) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 11.1(a),

but nothing in this clause 11.1 prevents Avanco from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Takeover Bid.

11.2 Fiduciary exception

Clause 11.1(b) does not prohibit any action or inaction by Avanco or any of its Related Persons in relation to any actual, proposed or potential Competing Proposal, which the Avanco Board acting in good faith determines, having regard to written advice from its external legal and Financial Advisers, is a Superior Proposal (or which may reasonably be expected to result in the Competing Proposal becoming a Superior Proposal) and the failure to take or not take such action would constitute, or would be likely to constitute, a breach of the fiduciary or statutory duties of the directors of Avanco, provided that:

- (a) the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 11.1(a); and
- (b) Avanco provides OZ Minerals with all material supporting the Avanco Board's determination that this clause 11.2 applies.

11.3 Notification of approaches

- (a) During the Exclusivity Period, Avanco must as soon as possible (and in any event within 24 hours) notify OZ Minerals in writing if it, or any of its Related Persons, becomes aware of any:
 - (1) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
 - (2) proposal made to Avanco or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - (3) provision by Avanco or any of its Related Persons of any non-public information concerning the business or operations of Avanco or the Avanco Group to any a Third Party (other than a Government Agency)

in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise.

- (b) A notification given under clause 11.3(a) must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Proposal, together with all terms and conditions of the actual, proposed or potential Competing Proposal.
- (c) Commencing upon the provision of any notice referred to in clause 11.3(a), Avanco must as soon as possible advise OZ Minerals of any material developments in relation to an actual, proposed or potential Competing Proposal, including material amendments or proposed amendments to the terms of such actual, proposed or potential Competing Proposal, and advise OZ Minerals of the timing of any board meeting to consider that proposal.

11.4 Matching right

- (a) Without limiting clause 11.1, during the Exclusivity Period, Avanco:
 - (1) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, Avanco or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
 - (2) must procure that none of its directors change their recommendation of the Takeover Bid or publicly recommend an actual, proposed or potential Competing Proposal or recommend against the Takeover Bid (provided that a statement that no action should be taken by Avanco Shareholders pending the assessment of a Competing Proposal by the Avanco Board and its advisers shall not contravene this clause),unless:
 - (3) the Avanco Board acting in good faith and in order to satisfy what the members of the Avanco Board consider to be their statutory or fiduciary duties (having received written advice from its external financial and legal advisers) determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
 - (4) Avanco has provided OZ Minerals with all terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;
 - (5) Avanco has given OZ Minerals at least 5 Business Days after the date of the provision of the information referred to in clause 11.4(a)(4) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
 - (6) OZ Minerals has not announced or otherwise formally proposed to Avanco a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 5 Business Day period in clause 11.4(a)(5) above.
- (b) If OZ Minerals proposes to Avanco, or announces, amendments to the terms of the Takeover Bid including increasing the amount of consideration offered under the Offer or a new proposal that constitutes a matching or superior



proposal to the terms of the actual, proposed or potential Competing Proposal (**OZ Minerals Counterproposal**) by the expiry of the 5 Business Day period in clause 11.4(a)(5) above, Avanco must procure that the Avanco Board considers the OZ Minerals Counterproposal and if the Avanco Board, acting reasonably and in good faith, determines that the OZ Minerals Counterproposal (as completed) would provide an equivalent or superior outcome for Avanco Shareholders as a whole compared with the Competing Proposal, then Avanco and OZ Minerals must use their best endeavours to agree the amendments to this deed that are reasonably necessary to reflect the OZ Minerals Counterproposal and to implement the OZ Minerals Counterproposal, in each case as soon as reasonably practicable, and Avanco must procure that each of the directors of Avanco continues to recommend the Takeover Bid (as modified by the OZ Minerals Counterproposal) to Avanco Shareholders.

11.5 Cease discussions

Avanco must, and must procure that its Related Bodies Corporate, cease any discussions or negotiations existing as at the date of this deed relating to:

- (a) any actual, proposed or potential Competing Proposal; or
- (b) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Takeover Bid.

11.6 Provision of information by Avanco

- (a) Subject to clause 11.6(b), during the Exclusivity Period, Avanco must as soon as possible provide OZ Minerals with:
 - (1) in the case of written materials, a copy of; and
 - (2) in any other case, a written statement of,
any material non-public information about the business or affairs of Avanco or the Avanco Group disclosed or otherwise provided to any Third Party in connection with an actual, proposed or potential Competing Proposal that has not previously been provided to OZ Minerals.
- (b) Avanco will not, and will procure that none of its Related Persons provide any information to a Third Party in relation to an actual, proposed or potential Competing Proposal, unless:
 - (1) permitted by clause 11.2; and
 - (2) that Third Party has entered into a confidentiality agreement with Avanco on customary terms and which is no more favourable to the Third Party than the Confidentiality Agreement.

11.7 Compliance with law

- (a) If it is finally determined by a court, or the Takeovers Panel, that the agreement by the parties under this clause 11 or any part of it:
 - (1) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the Avanco Board;
 - (2) constituted, or constitutes, or would constitute, 'unacceptable circumstances' within the meaning of the Corporations Act; or
 - (3) was, or is, or would be, unlawful for any other reason,



then, to that extent (and only to that extent) Avanco will not be obliged to comply with that provision of clause 11.

- (b) The parties must not make or cause to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in this clause 11.7.

12 Reimbursement Fee

12.1 Background to Reimbursement Fee

- (a) Each party acknowledges that, if they enter into this deed and the Takeover Bid is subsequently not implemented, OZ Minerals will incur significant costs, including those set out in clause 12.4.
- (b) In these circumstances, the parties have agreed that provision be made for the payment outlined in this clause 12, without which OZ Minerals would not have entered into this deed or otherwise agreed to implement the Takeover Bid.
- (c) Avanco and the Avanco Board believe, having taken advice from its external legal adviser and Financial Adviser, that the implementation of the Takeover Bid will provide benefits to it and its shareholders, and that it is reasonable and appropriate that Avanco agree to the payments referred to in clauses 12.2 in order to secure OZ Minerals' participation in the Takeover Bid.

12.2 Reimbursement Fee triggers

Subject to clauses 12.5 and 12.8, Avanco must pay the Reimbursement Fee to OZ Minerals without set-off or withholding, if:

- (a) during the Exclusivity Period, any one or more members of the Avanco Board withdraws, adversely revises or adversely qualifies his or her support of the Takeover Bid or his or her recommendation that Avanco Shareholders accept the Offer or fails to recommend that Avanco Shareholders accept the Takeover Bid in the manner described in clause 2.3, or, having made such a recommendation, withdraws, adversely revises or adversely qualifies that recommendation for any reason;
- (b) during the Exclusivity Period, any one or more members of the Avanco Board recommends that Avanco Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Avanco Shares held or controlled by them or held on their behalf), a Competing Proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period;
- (c) a Competing Proposal of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, a Third Party completes a Competing Proposal of the kind referred to in paragraphs 1 (but only where the acquisition is through an issue of new Avanco Shares equal to more than 20% of Athena's share capital), 2, 3 and 4 of the definition of Competing Proposal; or
- (d) OZ Minerals has terminated this deed pursuant to clauses 13.1(a)(1), 13.1(b)(1) or 13.2(a).



12.3 Timing of payment of Reimbursement Fee

- (a) A demand by OZ Minerals for payment of the Reimbursement Fee under clause 12.2 must:
- (1) be in writing;
 - (2) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (3) state the circumstances which give rise to the demand; and
 - (4) nominate an account into which Avanco is to pay the Reimbursement Fee.
- (b) Subject to clause 12.8, Avanco must pay the Reimbursement Fee into the account nominated by OZ Minerals, without set-off or withholding, within 5 Business Days after receiving a demand for payment where OZ Minerals is entitled under clause 12.2 to the Reimbursement Fee.

12.4 Basis of Reimbursement Fee

The amount payable by Avanco pursuant to clause 12.2 is purely and strictly compensatory in nature and has been calculated to reimburse OZ Minerals for costs including the following:

- (a) fees for legal, financial and other professional advice in planning and implementing the Takeover Bid (excluding success fees);
- (b) reasonable opportunity costs incurred in engaging in the Takeover Bid or in not engaging in other alternative acquisitions or strategic initiatives;
- (c) costs of management and directors' time in planning and implementing the Takeover Bid; and
- (d) out of pocket expenses incurred by OZ Minerals and OZ Minerals' employees, advisers and agents in planning and implementing the Takeover Bid,

and the parties agree that:

- (e) the costs actually incurred by OZ Minerals will be of such a nature that they cannot all be accurately ascertained; and
- (f) the amount payable by Avanco is a genuine and reasonable pre-estimate of those costs,

and Avanco represents and warrants that it has received advice from its external legal adviser on the operation of this clause 12.

12.5 Compliance with law

- (a) This clause 12 does not impose an obligation on Avanco to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:
- (1) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or
 - (2) is determined to be unenforceable or unlawful by a court,
- provided that, in either case, all lawful avenues of appeal and review, judicial and otherwise, have been exhausted. For the avoidance of doubt, any part of



the Reimbursement Fee that would not constitute unacceptable circumstances or that is not unenforceable or unlawful (as applicable) must be paid by Avanco.

- (b) The parties must not make or cause to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in clause 12.5(a).

12.6 Reimbursement Fee payable only once

Where the Reimbursement Fee becomes payable to OZ Minerals under clause 12.2 and is actually paid to OZ Minerals, OZ Minerals cannot make any claim against Avanco for payment of any subsequent Reimbursement Fee.

12.7 Avanco limitation of liability

Notwithstanding any other provision of this deed, except in relation to a wilful or intentional breach of or non-compliance with any provision of this deed by Avanco:

- (a) the maximum liability of Avanco to all other parties under or in connection with this deed including in respect of any breach of this deed will be the Reimbursement Fee;
- (b) a payment by Avanco in accordance with this clause 12 represents the sole and absolute liability of Avanco and any Avanco Indemnified Party under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Avanco in connection with this deed; and
- (c) the amount of the Reimbursement Fee paid to OZ Minerals under this clause 12 shall be reduced by the amount of any loss or damage recovered by any other party in relation to a breach of this deed.

12.8 Refund

Despite anything to the contrary in this deed, the Reimbursement Fee will not be payable to OZ Minerals if OZ Minerals becomes the holder of more than 50% of the Avanco's Shares as a result of the Takeover Bid, notwithstanding the occurrence of any event in clause 12.2 and, if the Reimbursement Fee has already been paid OZ Minerals it must be refunded to Avanco.

13 Termination

13.1 Termination for material breach

- (a) Either party may terminate this deed by written notice to the other party if at any time after the date on which the Takeover Bid is announced under clause 9.1 and before the end of the Offer Period:
 - (1) other than in respect of a breach of either an OZ Minerals Representation and Warranty or an Avanco Representation and Warranty (which are dealt with in clause 13.2), the other party has materially breached this deed, the party entitled to terminate has given written notice to the party in breach of this deed setting out the relevant circumstances and stating an intention to terminate this deed, and the other party has failed to remedy the breach within 5 Business



- Days (or any shorter period ending at the end of the Offer Period) after the date on which the notice is given; or
- (2) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review.
- (b) OZ Minerals may terminate this deed by written notice to Avanco at any time before the end of the Offer Period if any member of the Avanco Board:
- (1) withdraws, adversely revises or adversely modifies his or her recommendation that Avanco Shareholders accept the Takeover Bid; or
 - (2) makes a public statement indicating that he or she no longer recommends the Takeover Bid or recommends, supports or endorses another transaction (including any Competing Proposal but excluding a statement that no action should be taken by Avanco Shareholders pending the assessment of a Competing Proposal by the Avanco Board).
- (c) Avanco may terminate this deed by written notice to OZ Minerals at any time before the end of the Offer Period if the Avanco Board or a majority of the Avanco Board has changed, withdrawn or modified its recommendation as permitted under clause 2.3.

13.2 Termination for breach of representations and warranties

- (a) OZ Minerals may, at any time before the end of the Offer Period, terminate this deed for material breach of an Avanco Representation and Warranty only if:
- (1) OZ Minerals has given written notice to Avanco setting out the relevant circumstances and stating an intention to terminate this deed; and
 - (2) the relevant breach continues to exist 5 Business Days (or any shorter period ending at the end of the Offer Period) after the date on which the notice is given under clause 13.2(a)(1).
- (A)
- (b) Avanco may, at any time before the end of the Offer Period, terminate this deed for material breach of an Odusseus Representation and Warranty only if
- (1) Avanco has given written notice to OZ Minerals setting out the relevant circumstances and stating an intention to terminate this deed; and
 - (2) the relevant breach continues to exist 5 Business Days (or any shorter period ending at the end of the Offer Period) after the date on which the notice is given under clause 13.2(b)(1).

13.3 Effect of termination

If this deed is terminated by a party under this clause 13:

- (a) each party will be released from its obligations under this deed, except that clauses 1, 6.7, 6.8, 7.1, 7.2, 12, 13, 15, 16 and 17 (except clause 17.9) which will survive termination and remain in force;



- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this deed; and
- (c) in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force or effect, including, without limitation, any further obligations in respect of the Takeover Bid.

13.4 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this deed and the provision under which it is terminating this deed.

13.5 No other termination

Neither party may terminate or rescind this deed, except as permitted under clauses 13.1 or 13.2.

14 Duty, costs and expenses

14.1 Stamp duty

OZ Minerals:

- (a) must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed or the steps to be taken under this deed; and
- (b) indemnifies Avanco against any liability arising from its failure to comply with clause 14.1(a).

14.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution, delivery and performance of this deed and the proposed, attempted or actual implementation of this deed and the Takeover Bid.

15 GST

- (a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 15(e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The Additional Amount payable under clause 15(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.



- (d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 15(b):
 - (1) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - (2) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - (3) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Despite any other provision in this deed if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.
- (g) Any term starting with a capital letter that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

16 Notices

16.1 Form of Notice

A notice or other communication to a party under this deed (**Notice**) must be:

- (a) in writing and in English; and
- (b) addressed to that party as nominated below (or any alternative details nominated to the sending party by Notice):

Party	Address	Addressee	Email
Avanco	Suite 3, 257 York Street, Subiaco WA 6008	Scott Funston CFO and Company Secretary	sfunston@avancoresources.com



Copy to	Jonathan	JMurray@steinpag.com.au
Steinepreis	Murray,	
Paganin	Steinepreis	
	Paganin	
Level 4, The		
Read		
Buildings		
16 Milligan		
Street, Perth		
WA 6000		

OZ Minerals	Level 1, 162 Greenhill Road, Parkside, South Australia 5063	Robert Mancini Head of Legal	Robert.Mancini@ozminerals.com
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Copy to	Rodd Levy,	Rodd.Levy@hsf.com
Herbert Smith	Herbert Smith	
Freehills	Freehills	
Level 43, 101		
Collins Street		
Melbourne		
Victoria 3000		

16.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address.
By email to the nominated email address	When the party sending the email receives notification that the email was successfully transmitted and read by the receiving party, or if no such notification is received, 24 hours after the email was sent, unless the party sending the email receives notification that the email was not successfully transmitted.



17 General

17.1 Governing law and jurisdiction

- (a) This deed is governed by the law in force in Victoria.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

17.2 Service of process

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 16.

17.3 No merger

The rights and obligations of the parties do not merge on completion of the Takeover Bid. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Takeover Bid.

17.4 Invalidity and enforceability

- (a) If any provision of this deed is invalid under the law of any jurisdiction, the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 17.4(a) does not apply where enforcement of the provision of this deed in accordance with clause 17.4(a) would materially affect the nature or effect of the parties' obligations under this deed.

17.5 Waiver

No party to this deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 17.5 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.



17.6 Variation

A variation of any term of this deed must be in writing and signed by the parties.

17.7 Assignment of rights

- (a) A party may not assign, novate, declare a trust over or otherwise transfer or deal with any of its rights or obligations under this deed without the prior written consent of the other party, which consent may be withheld at the absolute discretion of the party from whom consent is sought.
- (b) A breach of clause 17.7(a) by a party shall be deemed to be a material breach for the purposes of clause 13.1(a)(1).
- (c) Clause 17.7(b) does not affect the construction of any other part of this deed.

17.8 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of clause 11 and that either party is entitled to seek and obtain without limitation injunctive relief if the other party breaches or threatens to breach clause 11.

17.9 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it.

17.10 Entire agreement

This deed, together with the Confidentiality Agreement and all other documents referred to herein or initialled by or on behalf of the parties on or about the date hereof, states all the express terms agreed by the parties in respect of its subject matter. These supersede all prior discussions, negotiations, understandings and agreements in respect of its subject matter (other than the Confidentiality Agreement).

17.11 Counterparts

This deed may be executed in any number of counterparts.

17.12 Relationship of the parties

- (a) Nothing in this deed gives a party authority to bind any other party in any way.
- (b) Nothing in this deed imposes any fiduciary duties on a party in relation to any other party.

17.13 Remedies cumulative

Except as provided in this deed and permitted by law, the rights, powers and remedies provided in this deed are cumulative with, and not exclusive of, the rights, powers and remedies provided by law independently of this deed.



17.14 Exercise of rights

- (a) Unless expressly required by the terms of this deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this deed.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.



Schedules

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Schedule 1

Agreed Bid Terms

1 Consideration

The consideration under the Offer is:

- (a) \$0.085 cash; plus
 - (b) 0.009 New OZ Minerals Shares,
- for each Avanco Share.

2 Offer Period

The initial Offer Period shall last for at least one month and shall be subject to OZ Minerals' right to extend the period in accordance with the Corporations Act.

3 Bid Conditions

1 ASX quotation approval

The condition implied by section 625(3) of the Corporations Act, namely an application for admission to quotation by ASX of the New OZ Minerals Shares to be issued pursuant to the Offer is made within 7 days after the start of the Bid Period and permission for admission to official quotation by ASX is granted no later than 7 days after the end of the Bid Period.

2 Regulatory approvals

Before the end of the Offer Period, any approvals, consents, waivers, exemptions or declarations that are required by law, or by any Government Agency, to permit:

- (a) the Offer to be lawfully made to and accepted by Avanco Shareholders; and
- (b) the Takeover Bid to be completed,

are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

3 No restraints

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any public authority;
- (b) no action or investigation is announced, commenced or threatened by any public authority; and



- (c) no application is made to any public authority (other than by OZ Minerals or any associate of OZ Minerals),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of the Takeover Bid or which requires the divestiture by OZ Minerals of any Avanco Shares or any material assets of Avanco or any subsidiary of Avanco.

4 Minimum acceptance

At the end of the Offer Period, OZ Minerals has a Relevant Interest in at least 50.1% of Avanco Shares (on a fully diluted basis).

5 No material adverse change

- (a) Subject to clause 5(b), between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs:

- (1) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (2) information is disclosed or announced by Avanco concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (3) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to OZ Minerals (whether or not becoming public),

(each of (1), (2) and (3), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (4) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Avanco Group taken as a whole; or
- (5) without limiting the generality of (4):
 - (A) the effect of a diminution in the value of the consolidated net assets of the Avanco Group, taken as a whole, by \$20 million or more against what it would reasonably have been expected to have been but for such Specified Event; or
 - (B) the effect of a reduction in the aggregate Mineral Resources and Ore Reserves estimates for the projects of the Avanco Group by 4.685 million tonnes (approximately 5% of Avanco's last total reported figure) or more against the last reported figure.

- (b) Clause 5(a) will not apply to events, occurrences or matters that:

- (1) have been disclosed by Avanco in its public filings with the ASX or ASIC before the Announcement Date;
- (2) are required to be done or procured by Avanco to be done pursuant to this deed or the Offer or the transactions contemplated by either;
- (3) are Fairly Disclosed in the Disclosure Materials;



- (4) relate to an event, occurrence or matter comprising or resulting from a change in any accounting standards, change in any interest rates, change in any foreign exchange rates or changes in copper and other commodity prices, whether in Australia or elsewhere; or
- (5) OZ Minerals has previously approved in writing.

6 No prescribed occurrences

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

- (a) Avanco converting all or any of its shares into a larger or smaller number of shares;
- (b) a member of the Avanco Group resolving to reduce its share capital in any way;
- (c) a member of the Avanco Group:
 - (1) entering into a buy-back agreement; or
 - (2) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) a member of the Avanco Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than the issue of shares on the exercise of an option presently on issue and disclosed to ASX;
- (e) a member of the Avanco Group issuing, or agreeing to issue, convertible notes;
- (f) a member of the Avanco Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a member of the Avanco Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or
- (h) an Insolvency Event occurs in relation to a member of the Avanco Group, provided that a prescribed occurrence will not include any matter:
 - (i) disclosed by Avanco in its public filings with the ASX or ASIC before the date of this deed;
 - (j) required to be done or procured by Avanco to be done pursuant to this deed or the Offer or the transactions contemplated by either;
 - (k) Fairly Disclosed in the Disclosure Materials;
 - (l) required by law or by an order of a court or Government Agency;
 - (m) expressly permitted pursuant to this deed; or
 - (n) the undertaking of which OZ Minerals has previously approved in writing (which approval must not be unreasonably withheld or delayed).

7 Material Contracts

Before the end of the Offer Period, the relevant counterparty to the Pledge Agreement executed by and among ARL Holding Ltd., Estrela do Brasil Mineração Ltda., Jaguar Mining Inc., Avanco Resources Limited and MCT Mineração Ltda. on September 17, 2017 has provided its consent, approval or waiver as required having regard to the terms of the Takeover Bid in a form and subject to conditions acceptable to OZ Minerals (acting reasonably).



8 Conduct of business

- (a) Subject to clause 8(b), no member of the Avanco Group:
- (1) declares, pays or distributes any dividend, bonus or other share of its profits or assets or return or agree to return any capital to its members;
 - (2) makes any change to its constitution;
 - (3) acquires, leases or disposes of any securities, business, assets, interest in any joint venture, entity or undertaking;
 - (4) enters into any contract or commitment (including in respect of financial indebtedness or capital expenditure) requiring payments by the Avanco Group in excess of \$2 million (individually or in aggregate), except where expressly permitted in Avanco's FY18 Budget as disclosed to OZ Minerals prior to the date of this deed;
 - (5) enters into, amends or terminates any contract or commitment with an annual value in excess of \$2 million or with a value over the life of the contract or commitment in excess of \$3 million;
 - (6) writes down any of its material assets;
 - (7) amends the terms of any option, performance right, incentive or share plan;
 - (8) accelerates the rights of any of their employees or consultants to compensation or benefits of any kind (including under any option, performance right, incentive or share plan), waives any condition to exercise in relation to any Avanco Options held by any of their employees or consultants or agrees or offers to make any payment for the cancellation, buy-back or acquisition of any Avanco Option except as permitted by this deed or with the prior written approval of OZ Minerals;
 - (9) provides financial accommodation to any person other than to members of the Avanco Group (irrespective of what form of financial indebtedness that accommodation takes);
 - (10) enters into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
 - (11) enters into or materially alters, varies or amends any employment, consultant, severance or similar agreement or arrangement with any person, including any of its officers, directors, other executives or employees whose total employment cost exceeds (or would exceed in the case of an agreement or arrangement not on foot on the date of this deed) \$100,000 (**Key Person**), or accelerates or otherwise materially increases compensation, benefits or entitlements for any Key Person, in each case other than pursuant to entitlements in effect on the date of this deed and which are fairly disclosed to OZ Minerals prior to the date of this deed;
 - (12) terminates or encourages the resignation of an employee, except in accordance with current personnel practices;
 - (13) pays any of its directors or employees a termination or retention payment, other than pursuant to contractual arrangements in effect on



- the date of this deed and which have been fairly disclosed to OZ Minerals prior to the date of this deed;
- (14) enters into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this deed;
 - (15) settles any legal proceedings, disputed claim, investigation, arbitration or other like proceeding where the settlement amount payable by any member of the Avanco Group exceeds \$250,000;
 - (16) changes any accounting policy applied to a party to report its financial position, other than any change in policy required by a change in accounting standards;
 - (17) does anything that would result in a change in the Avanco consolidated tax group;
 - (18) amends any arrangements with its advisers (including any amendment that might result in an increase in fees payable by the Avanco Group to any adviser), or appoint any adviser, in respect of the Takeover Bid or a competing proposal; or
 - (19) authorises, commits or agrees to do any of the matters set out above.
- (b) Nothing in clause 8(a) restricts the ability of Avanco to take any action:
- (1) which is required by any applicable law or Government Agency;
 - (2) which is required or expressly permitted by this deed or the Takeover Bid;
 - (3) which has been agreed to in writing by OZ Minerals;
 - (4) which is Fairly Disclosed in the Disclosure Materials as being an action that the Avanco Group intends to carry out between the date of this deed and the end of the Offer Period (including any transaction, expenditure or other matter disclosed in Avanco's operating and development budgets provided to OZ Minerals prior to the date of this deed); or
 - (5) Fairly Disclosed in public filings to ASX prior to the date of this deed as being actions that the Avanco Group intends to carry out between the date of this deed and the end of the Offer Period.

9 No material breach of the Bid Implementation Deed

Between the Announcement Date and the end of the Offer Period (each inclusive), OZ Minerals does not become entitled to terminate the Bid Implementation Deed under clause 13.2(a) of the Bid Implementation Deed, as a result of any of the representations and warranties given by Avanco under the Bid Implementation Deed becoming untrue or incorrect in any material respect.



Schedule 2

OZ Minerals Representations and Warranties

OZ Minerals represents and warrants to Avanco (in its own right and separately as trustee or nominee for each of the other Avanco Indemnified Parties) that:

- (a) **validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) **authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of OZ Minerals;
- (c) **power:** it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed;
- (d) **no default:** this deed does not conflict with or result in the breach of or a default under:
 - (1) any provision of OZ Minerals' constitution; or
 - (2) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other OZ Minerals Group Member is bound,

and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;

- (e) **deed binding:** this deed is a valid and binding obligation of OZ Minerals, enforceable in accordance with its terms;
- (f) **continuous disclosure:** OZ Minerals has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Takeover Bid, it is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from public disclosure;
- (g) **Insolvency Event or regulatory action:** no Insolvency Event has occurred in relation to it or another OZ Minerals Group Member, nor has any regulatory action of any nature been taken that would prevent or restrict its ability to fulfil its obligations under this deed;
- (h) **New OZ Minerals Shares:** the New OZ Minerals Shares to be issued in connection with the Takeover Bid will be duly authorised and validly issued or transferred, fully paid and free of all security interests and third party rights and will rank equally with all other OZ Minerals Shares then on issue; and
- (i) **No approvals required:** other than under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), does not require the approval of its shareholders or the approval or consent of any other person or Government Agency to enter into or perform any of its obligations under this deed.



Schedule 3

Avanco Representations and Warranties

Avanco represents and warrants to OZ Minerals (in its own right and separately as trustee or nominee for each of the other OZ Minerals Indemnified Parties) that:

- (a) **validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) **authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Avanco;
- (c) **power:** it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed;
- (d) **no default:** this deed does not conflict with or result in the breach of or a default under:
 - (1) any provision of Avanco's constitution;
 - (2) any material term or provision of any material agreement (including any material financing arrangements) or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other Avanco Group Member is bound,and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;
- (e) **deed binding:** this deed is a valid and binding obligation of Avanco, enforceable in accordance with its terms;
- (f) **continuous disclosure:** Avanco has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Takeover Bid, it is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from public disclosure;
- (g) **capital structure:** its capital structure, including all issued securities as at the date of this deed, is as set out in Schedule 4 and it has not issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Avanco Shares other than as set out in Schedule 4 and it is not under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any Avanco Shares, options, warrants, performance rights or other securities or instruments in Avanco;
- (h) **interest:** the Disclosure Materials set out the full details of any company, partnership, trust, joint venture or other enterprise in which Avanco or another Avanco Group Member owns or otherwise holds any interest;
- (i) **Insolvency Event or regulatory action:** no Insolvency Event has occurred in relation to it or another Avanco Group Member, nor has any regulatory action of any nature been taken that would prevent or restrict its ability to fulfil its obligations under this deed;
- (j) **compliance:** each member of the Avanco Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses, authorisations and permits necessary



- for them to conduct the business of the Avanco Group as presently being conducted;
- (k) **financial statements:** Avanco's financial statements as disclosed to ASX have been prepared in accordance with the accounting standards on a basis consistent with past practice financial statements and, so far as Avanco is aware, there has not been any event, change, effect or development which would require Avanco to restate its financial statements as disclosed to ASX;
 - (l) **Avanco assets:** the Avanco Group owns, or has the right to use, all of the assets that are material for the conduct of the business of the Avanco Group, and will continue to do so until the end of the Offer Period;
 - (m) **no litigation:** no litigation, prosecution, arbitration, mediation, or other proceedings relating to the Avanco Group is current, pending or threatened or might reasonably be expected to arise as a result of current circumstances;
 - (n) **no expected termination:** no member of the Avanco Group has any basis to believe or expect that any agreement which is material to the business of the Avanco Group may be terminated;
 - (o) **incentives disclosed:** the Disclosure Materials adequately and completely describe all:
 - (1) arrangements for the award of any payments, bonus, incentive or severance pay to senior management of the Avanco Group;
 - (2) fees payable to all third party advisers in connection with the Takeover Bid; and
 - (3) other agreements or arrangements entered into by any member of the Avanco Group pursuant to which consideration becomes payable to any person in connection with the Takeover Bid;
 - (p) **Disclosure Materials:** it has collated and prepared all of the Disclosure Materials in good faith for the purposes of a due diligence process and in this context, as far as Avanco is aware, the Disclosure Materials are materially true, complete and accurate and not misleading or deceptive, including by omission;
 - (q) **all information:** so far as it is aware, Avanco has disclosed all material information relating to the Avanco Group or its respective businesses or operations as at the date of this deed, that would be objectively necessary for OZ Minerals to make an informed assessment of:
 - (1) Avanco's material agreements and their respective change of control or termination provisions which would be enlivened by implementation of the Takeover Bid;
 - (2) Avanco's material licencing arrangements;
 - (3) Avanco's material financing arrangements; and
 - (4) material disputes between Avanco and a Third Party (including a Government Agency); and
 - (r) **Mineral Resources and Ore Reserves:** the Mineral Resources and Ore Reserves estimates that have been disclosed by Avanco to the ASX have been prepared and reported in accordance with Chapter 5 of the Listing Rules and the JORC Code, and are materially true, complete and accurate and not misleading or deceptive, including by omission.



Schedule 4

Avanco's capital structure

Security	Total number on issue
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Avanco Shares	2,456,906,443
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Avanco Options	195,250,000
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Schedule 5

Avanco Directors' interests

Director	Shares held
Vernon Tidy	675,000
Anthony Polglase	8,148,615
Simon Mottram	1,744,681
Luis Azevedo	1,238,392
Luiz Ferraz	Nil
Paul Chapman	200,000



Signing page

Executed as a deed

Signed sealed and delivered by
OZ Minerals Limited
by

sign here ▶



Company Secretary/Director

print name

Michelle Pole.

sign here ▶



Director

print name

ANDREW COLE.



HERBERT
SMITH
FREEHILLS

Signed sealed and delivered by
Avanco Resources Limited
by

sign here ▶

Company Secretary/Director _____

print name _____

Scott Funston

sign here ▶

Director _____

print name _____

Vernon Tidy
