

11 April 2018

ASX: AVB ('AVANCO' OR 'THE COMPANY')

Target's Statement – OZ Minerals Offer

Avanco has today lodged its Target's Statement with the Australian Securities and Investments Commission and the Australian Securities Exchange in response to the off-market takeover offer (the **Offer**) from OZ Minerals Limited (**OZ Minerals**), through its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd, to acquire all the ordinary shares in Avanco.

A copy of the Target's Statement is attached to this announcement.

The Target's Statement has also been given to OZ Minerals today and is in the process of being dispatched to Avanco shareholders in accordance with the Corporations Act.

The Bidder's Statement for the Offer was released to the ASX on 10 April 2018. Dispatch of the Bidder's Statement to Avanco shareholders has commenced, and the Offer is open for acceptance from today.

The Board of Avanco unanimously recommends that all Avanco shareholders ACCEPT the Offer, subject to no superior proposal being received, and they intend to ACCEPT the Offer in relation to the Avanco shares that they respectively hold or control. In considering the Board of Avanco's recommendation, Avanco shareholders should review the comprehensive information provided in the Bidder's Statement and in the Target's Statement lodged today.

All company announcements and information on the Offer are available on the Avanco website at www.avancoresources.com. Shareholders can also receive further information on the Offer by calling the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday.

- END -



AVANCO

COPPER

Avanco Resources Limited
ACN 126 379 646

TARGET'S STATEMENT

In relation to the off-market takeover bid by OZ Minerals Limited (ACN 005 482 824) through its wholly owned subsidiary, OZ Minerals Brazil (Holdings) Pty Ltd (ACN 625 407 141) to acquire all of your ordinary fully paid Shares in Avanco.

The Directors of Avanco unanimously recommend, in the absence of a Superior Proposal, that you

ACCEPT

the Offer from OZ Minerals.

The Offer Price of \$0.085 cash and 0.009 OZ Minerals Shares for each of your Avanco Shares is final and cannot be increased during the Offer Period, in the absence of a competing proposal.

This is an important document and requires your immediate attention. If you do not understand it or are in doubt as to how to act, you should consult your legal, financial or other professional adviser immediately. If you have recently sold all your Avanco Resources Limited Shares, please disregard this document.

Avanco Shareholders who require assistance may call the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday.

Corporate Adviser



TAYLOR COLLISON

Legal Adviser

STEINPREIS PAGANIN
Lawyers & Consultants



IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 11 April 2018 and is given by Avanco Resources Limited (**Avanco**) under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement by OZ Minerals Limited (**OZ Minerals**) dated 10 April 2018.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and ASX. Neither the ASIC or ASX, nor any of their respective officers, takes any responsibility for the contents of this Target's Statement.

No account of personal circumstances

This Target's Statement should not be taken as personal financial, investment or tax advice as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your Avanco Directors encourage you to read this Target's Statement in its entirety and obtain independent advice from your investment, financial, tax or other professional adviser before making a decision whether or not to accept the Offer.

Defined terms

Capitalised terms used in this Target's Statement are defined in section 12 of this Target's Statement.

Further information

Avanco Shareholders who require assistance may call the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday.

Further information relating to the Offer can be obtained from Avanco's website at www.avancoresources.com. Information contained in, or otherwise

accessible through, this internet site is not a part of this Target's Statement. All references in this Target's Statement to this internet site are inactive textual references and are for your information only.

Forward looking statements

This Target's Statement contains various forward looking statements. Statements other than statements of historical fact may be forward looking statements. Avanco believes that it has reasonable grounds for making all statements relating to future matters attributed to it in this Target's Statement. Avanco Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Avanco. Shareholders should note that any reference to past performance is not intended to be, nor should it be relied upon as, a guide to any future performance. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of Avanco, its officers nor any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such statement. The forward looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement. Any forward looking statement in this Target's Statement is qualified by this cautionary statement.

Information on OZ Minerals

All of the information concerning OZ Minerals contained in this Target's Statement has been obtained from publicly available sources including public documents filed by OZ Minerals and the Bidder's Statement. None of the information in this Target's Statement relating to OZ Minerals has been verified by Avanco or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, Avanco makes no representation or warranty (either express or implied) as to the accuracy or completeness of this information. The information on OZ Minerals in this Target's Statement should not be considered comprehensive.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law, and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts and diagrams

Any diagrams, charts, graphs, maps and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs, maps and tables is based on information available at the date of this Target's Statement.

Privacy

Avanco has collected your information from the register of Avanco Shareholders for the purpose of providing you with this Target's Statement. The type of information Avanco has collected about you includes your name, contact details and information on your shareholding (as applicable) in Avanco. Without this information, Avanco would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the Avanco Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

If you would like details of information about you held by Avanco, please contact the Avanco Share Registry, Automatic Registry Services, Level 2, 267 St Georges Terrace, Perth WA 6000 or on +61 8 9324 2099.

Risk Factors

Shareholders should note that there are a number of risks associated with the Offer and with remaining an Avanco Shareholder if they reject the Offer.

Please refer to section 8 of this Target's Statement for further information on those risks.

Rounding

A number of figure, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

KEY POINTS OF THE OFFER

- **OZ Minerals is offering \$0.085 cash plus 0.009 OZ Minerals Shares for every one of your Avanco Shares**

See section 3.2 of this Target's Statement and section 13.1 of the Bidder's Statement.

- **The Offer expires at 7pm (Sydney time) on 14 May 2018, unless extended by OZ Minerals**

See section 3.11 of this Target's Statement and section 13.2 of the Bidder's Statement.

- **You can accept the Offer by following the instructions in the Bidder's Statement and completing the Acceptance Form enclosed with the Bidder's Statement prior to the close of the Offer**

See section 5 of this Target's Statement and section 13.3 of the Bidder's Statement.

- **All Avanco Directors unanimously recommend, in the absence of a Superior Proposal, that you ACCEPT the Offer**

See section 2 of this Target's Statement.

KEY DATES

Event	Key Date
Announcement of the Offer	27 March 2018
Date of Bidder's Statement	10 April 2018
Date of this Target's Statement	11 April 2018
Date of despatch of Bidder's Statement to Avanco Shareholders, and opening date of the Offer	11 April 2018
Close of Offer Period (unless extended)	7pm (Sydney time) on 14 May 2018

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LETTER FROM THE INTERIM CHAIRMAN OF AVANCO

11 April 2018

Dear Shareholder

TAKEOVER BID BY OZ MINERALS LIMITED

On 27 March 2018, Avanco Resources Limited (**Avanco**) announced an off-market takeover offer by OZ Minerals Limited (**OZ Minerals**) to acquire all of the Avanco Shares on issue (the **Offer**).

Under the terms of the Offer, Avanco Shareholders who accept the Offer will receive **\$0.085 cash plus 0.009 OZ Minerals Shares** per Avanco Share. This **represents value of \$0.17 per Avanco Share** as at the last trading day prior to the announcement of the Offer.¹ Importantly, OZ Minerals has declared its Offer Price **final** in the absence of a competing proposal, which means it cannot increase its Offer Price during the Offer Period unless there is a competing proposal.

You should have recently received the Bidder's Statement from OZ Minerals which sets out the details of the Offer. This Target's Statement sets out the formal response of the Avanco Directors to the Offer.

Board Recommendation

After careful consideration, the Directors of Avanco unanimously recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal.

The Avanco Directors who hold Avanco Shares intend to accept the Offer in full, in the absence of a Superior Proposal.

In recommending the Offer, the Avanco Directors have had regard to the following:

1. the Offer provides a substantial premium for your Avanco Shares;
2. the Offer provides increased certainty of value for Avanco Shareholders;
3. the combination of cash and scrip allows Avanco Shareholders to participate in a leading ASX listed mining company;
4. the Offer is supported by multiple major Avanco Shareholders;
5. at the date of this Target's Statement, no Superior Proposal has emerged; and
6. there are risks of not accepting the Offer.

A detailed explanation of these reasons is contained section 1 of this Target's Statement. The Board's recommendation is based on the Offer as it currently stands, but may be reconsidered should circumstances change.

The Board and I have enjoyed our involvement with Avanco as it has grown from an exploration company into a producer with multiple development projects. Whilst we believe we have assembled an attractive portfolio of projects, we are confident that the OZ Minerals Offer represents the best outcome for Avanco shareholders. The Board is

¹ All premia analysis is calculated using the 1-month VWAP for OZ Minerals Shares up to and including 26 March 2018 (being the last trading day before the Announcement Date).

pleased with the substantial premium represented by the Offer Price and we also see attractions in being offered shares in a leading ASX listed copper miner with a diversified portfolio of assets and development prospects, a strong balance sheet, an experienced and capable development team and a history of paying dividends.

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and on the Acceptance Form.

The Offer is scheduled to close at **7pm (Sydney time) on 14 May 2018**, unless extended by OZ Minerals. You should not assume that the Offer Period will be extended.

The Avanco Directors recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement you have received from OZ Minerals.

If you have any questions in relation to the Offer, I encourage you to seek independent advice from your investment, financial, tax or other professional adviser, or contact the Company Secretary of Avanco on +61 8 9324 1865.

I would also like to take this opportunity to thank you for your support of Avanco.

Yours faithfully,



Mr Vernon Tidy
Interim Non-Executive Chairman
Avanco Resources Limited

1. DIRECTORS' RECOMMENDATION & REASONS TO ACCEPT THE OFFER

The Avanco Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer, unless a Superior Proposal emerges.

The Avanco Directors further recommend that you accept the Offer promptly to ensure that your acceptance is received before the closing date of the Offer at **7pm (Sydney time) on 14 May 2018** (unless extended). You should not assume that the Offer Period will be extended.

Each of the Avanco Directors who holds a Relevant Interest in Avanco Shares has indicated their intention to accept, or procure the acceptance of, the Offer in respect of the Avanco Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in, subject to there being no Superior Proposal.

The reasons for the recommendation of the Avanco Directors are as follows:

• THE OFFER PROVIDES A SUBSTANTIAL PREMIUM FOR YOUR AVANCO SHARES

The Offer consideration of \$0.085 cash plus 0.009 OZ Minerals Shares per Avanco Share **implies a value of \$0.17 per Avanco Share** based on the 1-month VWAP for OZ Minerals Shares up to and including the last trading day prior to the Announcement Date.

This represents a significant premium to the trading price of Avanco Shares on ASX up to and including 26 March 2018 (being the last trading day for Avanco Shares prior to the announcement of the Offer):²

- **121%** to the last closing price of \$0.077, being the price of Avanco Shares on the ASX at the close of trading on 26 March 2018;
- **119%** to Avanco's 1-month VWAP of \$0.078 per share up to and including 26 March 2018;
- **104%** to Avanco's 3-month VWAP of \$0.083 per share up to and including 26 March 2018; and
- a significant premium to the price of Avanco Shares at any stage over the past 12 months (as depicted below).

Avanco 12 Month Share Price



² All premia analysis is calculated using the 1-month VWAP for OZ Minerals Shares up to and including 26 March 2018 (being the last trading day before the Announcement Date).

The actual value of the Offer consideration will vary depending on the price of OZ Minerals Shares during the Offer Period and when the OZ Minerals Shares are issued to you, if you accept the Offer.

The table in section 3.3 of this Target's Statement sets out the implied value of the Offer assuming different market prices of OZ Minerals Shares on ASX.

- **THE OFFER PROVIDES INCREASED CERTAINTY OF VALUE FOR AVANCO SHAREHOLDERS**

The cash component of the Offer provides certainty of value for around 50% of the consideration. In addition, OZ Minerals is a far more liquid stock than Avanco. Over the 30 trading days on ASX up to and including the last trading day prior to the Announcement Date, an average of \$19.0m of OZ Minerals Shares traded per day, compared to \$0.2m of Avanco Shares per day in the same period.

The cash and liquid OZ Minerals Shares provide greater certainty of value compared to the uncertainty of holding Avanco Shares, particularly given the permitting, development and funding challenges that face Avanco.

- **THE COMBINATION OF CASH AND SCRIP ALLOWS AVANCO SHAREHOLDERS TO PARTICIPATE IN A LEADING ASX LISTED MINING COMPANY**

If you accept the Offer (and the Offer is successful), in addition to the cash component, you will receive securities in OZ Minerals, a leading ASX listed copper producer. In particular, the Combined Entity will have:

- **A diverse portfolio of high quality assets** - at various stages, with an attractive development pipeline, including;
 - the producing Prominent Hill copper-gold mining operation in northern South Australia that is solely owned by OZ Minerals and is forecast to produce 100-110kt of copper at C1 Cash cost of US\$0.75-\$0.85/lb in 2018;
 - the Carrapateena copper-gold project located 160 km north of Port Augusta in South Australia, which is currently under construction and is scheduled to begin production in the fourth quarter of 2019;
 - an earn-in right to acquire up to 70% of West Musgrave, a copper-nickel project, presently the subject of a pre-feasibility study and located in the highly prospective Musgrave Province of Western Australia near the border of South Australia and Northern Territory; and
 - the producing and development assets of Avanco.
- **A significant and growing copper-gold profile** - with the potential to materially grow from 112,000tpa copper in 2017 as a result of production from the Prominent Hill project combined with production commencing at the Carrapateena project.
- **Significant scale and liquidity** - thereby having greater access to the international investor community, providing enhanced ability to secure equity and debt funding on favourable terms.

- **Development expertise** - OZ Minerals' team has an established track record and significant development capability which can be deployed alongside Avanco's Brazilian management team to optimise the development plan for Avanco's assets.
- **Financial strength** - the strong operating cash flows currently being generated by OZ Minerals, combined with its significant cash balance, position the Combined Entity well to fund Avanco's existing projects, and manage any potential capital overruns, in a more effective manner. OZ Minerals has a history of paying dividends, while Avanco has never paid a dividend.

- **THE OFFER IS SUPPORTED BY MULTIPLE MAJOR AVANCO SHAREHOLDERS**

As at the date of this Target's Statement, OZ Minerals has a relevant interest in 453,307,418 Avanco Shares representing approximately 18.45% of all Avanco Shares³ as a result of the largest Avanco Shareholder, Appian⁴, entering into a Pre-Bid Acceptance Deed with OZ Minerals under which it has agreed to accept the Offer in respect of its entire interest in Avanco Shares, subject to certain conditions. A copy of the Pre-Bid Acceptance Deed was lodged with ASX on 28 March 2018.

Further:

- BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares,⁵ in the absence of a superior proposal and subject to the conditions of the Offer being fulfilled.⁶
- Avanco Directors and certain Avanco Management, whom collectively own 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares⁷, have also stated they intend to accept the Offer for all of their Avanco Shares, subject to there being no superior proposal and certain other conditions and qualifications.⁸

Please refer to section 3.7 of this Target's Statement for further details.

- **NO SUPERIOR PROPOSAL HAS EMERGED**

As at the date of this Target's Statement, Avanco has not received any alternative proposal from any party intending to make a Superior Proposal and your Directors are not aware of any other offer or proposal which might be

³ Based on 2,456,906,443 Avanco Shares as at the date of this Target's Statement.

⁴ Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.

⁵ See footnote 3.

⁶ BlackRock (subject to applicable law) reserves and retains the right to deal with the Avanco Shares described above on behalf of its clients in its absolute discretion and/or on the instructions of its clients or otherwise (including without limitation, a transfer of Avanco Shares to any replacement investment manager or custodian nominated by its client(s) in circumstances where such client(s) has/have terminated BlackRock's professional relationship in respect of the Avanco Shares). BlackRock's statement of intention was not, and was not intended to be, legally binding and shall neither have any legal effect nor create any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco Shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer.

⁷ See footnote 3.

⁸ 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.

made as an alternative to the Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

• **THERE ARE OTHER RISKS IN NOT ACCEPTING THE OFFER**

If the Offer is unsuccessful and no other offers emerge, Avanco's Share price may fall below the current trading price and liquidity levels, leaving Avanco Shareholders exposed to the ongoing risks associated with an investment in Avanco. In particular:

- Avanco Shareholders will have full exposure to the development risk associated with Avanco's existing projects, and will not benefit from OZ Minerals' development expertise or financial strength;
- Avanco has not yet finalised the permitting or bankable feasibility studies for Pedra Branca or CentroGold and there is a risk that it may not be able to do so in a timely manner or on favourable terms; and
- there is a strong probability that Avanco will have to raise additional funds to fund the development of Pedra Branca and/or CentroGold, potentially through an issue of equity at a discount to the trading price of Avanco Shares, which could dilute your investment in Avanco.

If you do not accept the Offer and the Offer becomes Unconditional:

- liquidity in Avanco Shares may be significantly reduced or OZ Minerals may be entitled to remove Avanco from the official list of the ASX; and
- OZ Minerals may be entitled to acquire your Avanco Shares through compulsory acquisition (see section 3.17 of this Target's Statement).

Further details on the risks associated with not accepting the Offer are set out in section 8.3 of this Target's Statement.

If you retain your Avanco Shares, you will continue to be exposed to the risks associated with being an Avanco Shareholder. A non-exhaustive summary of such risks is set out in section 8.4 of this Target's Statement.

Avanco Shareholders should note that there are also risks associated with accepting the Offer. Details on the risks associated with accepting the Offer are contained in section 10 of the Bidder's Statement and sections 8.1 and 8.2 of this Target's Statement.

In considering whether to accept the Offer, the Avanco Directors encourage you to:

- (a) read and carefully consider the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (c) obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Offer.

2. FREQUENTLY ASKED QUESTIONS

In this section answers are provided to some commonly asked questions about the Offer. This section should be read together with the rest of this Target's Statement. This section is not intended to comprehensively answer all questions that may arise in relation to the Offer nor address all issues that are relevant to Avanco Shareholders.

The Offer	
What is the Bidder's Statement?	The Bidder's Statement is the document setting out the terms of the Offer. OZ Minerals lodged the Bidder's Statement with ASIC on 10 April 2018 and sent the Bidder's Statement to Avanco Shareholders on 11 April 2018.
What is the Target's Statement?	This Target's Statement has been prepared by Avanco and provides Avanco's response to the Offer, including the recommendation of your Directors.
Who is offering to purchase my Avanco Shares?	<p>OZ Minerals Limited (ACN 005 482 824), through its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd (ACN 625 407 141) (OZ Minerals).</p> <p>OZ Minerals is a company incorporated in Australia and listed on the Australian Securities Exchange (ASX) under ASX code OZL.</p> <p>OZ Minerals is a copper-focused international company based in South Australia.</p> <p>OZ Minerals owns and operates the copper-gold-silver mine at Prominent Hill in South Australia and is developing one of Australia's largest copper-gold resources at Carrapateena in South Australia.</p> <p>Information in relation to OZ Minerals can be obtained from section 3 of the Bidder's Statement and OZ Minerals' website at www.ozminerals.com.</p>
What is being offered to me?	<p>OZ Minerals is offering \$0.085 cash and 0.009 OZ Minerals Shares for each Avanco Share held by you.</p> <p>You may only accept the Offer in respect of all of the Avanco Shares held by you.</p> <p>If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be provided OZ Minerals Shares. Instead you will be paid the net proceeds of the sale of the OZ Minerals Shares you would have been entitled to. See section 3.14 of this Target's Statement for more details.</p>
What are the Avanco Directors recommending?	<p>The Avanco Directors unanimously recommend that you ACCEPT the Offer, subject to there being no Superior Proposal.</p> <p>If there is any change to this recommendation the Avanco Directors will inform you.</p> <p>The reasons for your Directors' recommendation are set out in section 1 of this Target's Statement.</p> <p>You are encouraged to read the Bidder's Statement and Target's Statement in full and to consider the Offer having regard to your personal circumstances. The</p>

	Avanco Directors encourage you to seek your own independent financial and taxation advice prior to deciding whether to accept the Offer.
What do the Directors intend to do with their Avanco Shares?	Each Director who holds or controls Shares intends to accept or procure the acceptance of the Offer in respect of the Shares they own or control, in the absence of a Superior Proposal.
What do some of the major shareholders of Avanco intend to do with their Avanco Shares?	<p>As at the date of this Target's Statement, OZ Minerals has a relevant interest in 453,307,418 Avanco Shares representing approximately 18.45% of all Avanco Shares⁹ as a result of the largest Avanco Shareholder, Appian¹⁰, entering into a Pre-Bid Acceptance Deed with OZ Minerals under which it has agreed to accept the Offer in respect of its entire interest in Avanco Shares, subject to certain conditions. A copy of the Pre-Bid Acceptance Deed was lodged with ASX on 28 March 2018.</p> <p>Further:</p> <ul style="list-style-type: none"> • BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares,¹¹ in the absence of a superior proposal and subject to the conditions of the Offer being fulfilled.¹² • Avanco Directors and certain Avanco Management, whom collectively own 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares¹³, have also stated they intend to accept the Offer for all of their Avanco Shares, subject to there being no superior proposal and certain other conditions and qualifications.¹⁴ <p>Please refer to section 3.7 of this Target's Statement for further details.</p>
What does the Offer mean for Avanco's projects?	Avanco's assets will be owned and operated by OZ Minerals and will benefit from OZ Minerals' strong balance sheet and experienced management team.

⁹ Based on 2,456,906,443 Avanco Shares as at the date of this Target's Statement.

¹⁰ Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.

¹¹ See footnote 9.

¹² BlackRock (subject to applicable law) reserves and retains the right to deal with the Avanco Shares described above on behalf of its clients in its absolute discretion and/or on the instructions of its clients or otherwise (including without limitation, a transfer of Avanco Shares to any replacement investment manager or custodian nominated by its client(s) in circumstances where such client(s) has/have terminated BlackRock's professional relationship in respect of the Avanco Shares). BlackRock's statement of intention was not, and was not intended to be, legally binding and shall neither have any legal effect nor create any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco Shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer.

¹³ See footnote 9.

¹⁴ 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.

<p>What will be the role of Avanco Directors in the Combined Entity?</p>	<p>No Avanco Director has been offered a position on the OZ Minerals board, although the Managing Director and other Executive Directors will be retained by the Combined Entity in executive roles (see section 9.6 of this Target's Statement for further details).</p> <p>The Combined Entity will be managed by the existing board and management of OZ Minerals.</p>
<p>When will I receive payment if I accept the Offer?</p>	<p>Provided you have validly accepted the Offer, and subject to the Conditions being fulfilled or waived by OZ Minerals, you will receive the consideration to which you are entitled on acceptance of the Offer on the earlier of:</p> <ul style="list-style-type: none"> • one month after the Offer is accepted by you, or if the Offer is subject to the Conditions at the time the Offer has been validly accepted by you, one month after the Offer becomes Unconditional; and • 21 days after the end of the Offer Period. <p>Ineligible Foreign Shareholders and Small Parcel Shareholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time.</p>
<p>What happens if OZ Minerals increases the Offer?</p>	<p>OZ Minerals has described its Offer Price as final and that it will not be increasing the Offer Price in the absence of a competing proposal.</p> <p>If OZ Minerals improves the Offer Price during the Offer Period, any Shareholder who had previously accepted the Offer will be entitled to receive the improved Offer Price.</p>
<p>What are the conditions to the Offer?</p>	<p>The Offer is subject to the following conditions:</p> <ul style="list-style-type: none"> • minimum acceptance of at least 50.1% of all the fully paid ordinary shares in the capital of Avanco; • ASX approval for the quotation of the OZ Minerals Shares issued under the Offer; • acquiring all relevant regulatory approvals; • no regulatory intervention; • no Material Adverse Change; • no material breach of the Bid Implementation Deed; and • other standard conditions for a transaction of this type. <p>This is a summary only. The Conditions to which the Offer is subject are set out in full in section 13.8 of the Bidder's Statement and section 3.8 of this Target's Statement.</p>
<p>When does the Offer close?</p>	<p>The Offer is presently scheduled to close at 7pm (Sydney time) on 14 May 2018 (unless extended).</p> <p>Section 3.11 of this Target's Statement provides further details regarding the circumstances in which the Offer Period may be extended.</p>

<p>What happens if the conditions are not satisfied or waived?</p>	<p>If the Conditions are not satisfied or waived before the end of the Offer Period, then the Offer will lapse and any acceptances of the Offer will be void. You will continue to hold your Avanco Shares and be free to deal with your Avanco Shares as if the Offer had not been made.</p>
<p>What happens if I accept the Offer now?</p>	<p>If you accept the Offer now, while it is conditional, you will give up your rights to sell your Avanco Shares on market or otherwise deal with them (for example, by accepting a Superior Proposal if one was to emerge) unless the limited withdrawal rights apply at the applicable time and you validly withdraw your acceptance.</p>
<p>When will OZ Minerals advise as to the status of the conditions?</p>	<p>Section 13.12 of the Bidder's Statement indicates that the Bidder will give a Notice of Status of Conditions in accordance with section 630(1) of the Corporations Act.</p>
<p>Can OZ Minerals extend the Offer?</p>	<p>OZ Minerals may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period, if within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> • OZ Minerals improves the consideration offered under the Offer; or • OZ Minerals voting power in Avanco increases to more than 50%. <p>If either of these two events occurs, the Offer Period will be automatically extended so that it ends 14 days after the relevant event occurs.</p>
<p>Does the Offer include my Avanco Options?</p>	<p>As they are a separate class of securities, the Offer does not include Avanco Options. However, the Offer does extend to Avanco Shares that are issued on the exercise of Avanco Options during the period from the Register Date to the end of the Offer Period.</p> <p>In relation to the Avanco Options expiring on 31 December 2019 and 2020, Avanco will make an offer to the holders of those Avanco Options in a form approved by OZ Minerals under which their Avanco Options will be cancelled in exchange for cash consideration of \$0.07 per Option.</p> <p>Refer to section 3.22 of this Target's Statement and section 6.7 of the Bidder's Statement for further information.</p>
<p>Does Avanco expect a competing offer?</p>	<p>The Board unanimously recommends the OZ Minerals Offer (in the absence of a Superior Proposal).</p> <p>It is not the Avanco Board's role to speculate on the likelihood of a competing offer.</p> <p>The Bid Implementation Deed contains customary "no shop" and "no talk" provisions in relation to competing offers.</p> <p>If a competing offer emerges, the Avanco Board will deal with it at the time and update shareholders accordingly.</p>

Options for Avanco Shareholders	
What choices do I have as a Shareholder?	<p>As a Shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none"> • accept the Offer in respect of all of your Avanco Shares; • sell your Avanco Shares on ASX (unless you have previously accepted the Offer); or • do nothing in relation to the Offer. <p>If you have already sold all your Avanco Shares, no action is required.</p> <p>YOUR AVANCO DIRECTORS UNANIMOUSLY RECOMMEND, IN THE ABSENCE OF A SUPERIOR PROPOSAL, THAT YOU <u>ACCEPT THE OFFER.</u></p>
When do I have to decide?	<p>If you wish to accept the Offer you need to do so before its scheduled closing date. OZ Minerals has stated that its Offer is scheduled to close at 7pm (Sydney time) on 14 May 2018, unless it is extended.</p> <p>If you wish to reject the Offer, you do not need to do anything.</p>

How to respond to the Offer	
How do I accept the Offer?	<p>To accept the Offer, you should follow the instructions set out on the Acceptance Form that accompanies the Bidder's Statement.</p> <p>You may only accept the Offer in respect of all of the Avanco Shares held by you.</p>
What should I do if I did not receive or have misplaced my Acceptance Form?	<p>If you have not received your Acceptance Form or have misplaced it, please call Link Market Services Limited on:</p> <ul style="list-style-type: none"> • 1300 330 255 (if calling within Australia); or • +61 1300 330 2556 (if calling from outside Australia). <p>Calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of OZ Minerals or its advisers.</p>
How do I reject the Offer?	<p>To reject the Offer, you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of OZ Minerals to compulsorily acquire your Shares in certain circumstances.</p> <p>See section 3.17 of this Target's Statement for more details in relation to compulsory acquisition.</p>
Can I accept the Offer for part of my shareholding?	<p>No. You cannot accept the Offer for part of your shareholding. You may only accept the Offer made to you for all of the Avanco Shares held by you.</p>

<p>What if I am a Foreign Shareholder or hold a Small Parcel?</p>	<p>Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive OZ Minerals Shares. Rather, the OZ Minerals Shares that Ineligible Foreign Shareholders and Small Parcel Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds attributable to each Foreign Shareholder or Small Parcel Shareholder will be paid to them by cheque in Australian dollars drawn on an Australian bank account.</p> <p>Ineligible Foreign Shareholders and Small Parcel Shareholders should refer to section 13.7 of the Bidder's Statement, which provides further information on Ineligible Foreign Shareholders, Small Parcel Shareholders and the Nominee sale process. OZ Minerals' determination of whether an Avanco Shareholder is an Ineligible Foreign Shareholder or Small Parcel Shareholder shall be final.</p>
<p>Can I sell my Shares on-market?</p>	<p>You can sell all or some of your Shares on ASX unless you have accepted the Offer in respect of those Shares. If you sell your Shares on ASX:</p> <ul style="list-style-type: none"> • you may incur brokerage charges; • you will lose the ability to accept the Offer or any other offer which may eventuate; • you may receive more or less for your Shares than the Offer Price; and • you will be paid on the second Business Day after the sale.
<p>What are the consequences of accepting the Offer?</p>	<p>If you accept the Offer you will receive \$0.085 cash plus 0.009 OZ Minerals Shares for each Avanco Share you hold.</p>
<p>If I accept the Offer now, can I withdraw my acceptance?</p>	<p>You may withdraw your acceptance only if OZ Minerals varies the Offer in a way that postpones the time when OZ Minerals is required to satisfy its obligations by more than 1 month.</p> <p>Further details on your ability to withdraw your acceptance are set out in section 3.12 of this Target's Statement.</p>
<p>What happens if I do nothing?</p>	<p>You will remain an Avanco Shareholder. However, OZ Minerals has stated that if it becomes entitled to compulsorily acquire Avanco Shares, it intends to do so. See section 8.3 of the Bidder's Statement for more details.</p> <p>If you do not accept the Offer and OZ Minerals acquires a relevant interest in at least 90% of Avanco Shares and the Conditions of the Offer are satisfied or waived, OZ Minerals intends to proceed to compulsorily acquire your Avanco Shares.</p> <p>If you do not accept the Offer and OZ Minerals does not acquire a relevant interest in at least 90% but above 50.1% of Avanco Shares, the Offer becomes Unconditional and you will remain an Avanco shareholder. You may be left holding Avanco Shares</p>

	with significantly reduced liquidity and with OZ Minerals as the controlling shareholder of Avanco and OZ Minerals may be entitled to remove Avanco from the official list of the ASX. See section 8.4 of the Bidder's Statement for more details.
Can I be forced to sell my shares?	You cannot be forced to sell your Avanco Shares unless OZ Minerals acquires a Relevant Interest in at least 90% of all Avanco Shares. OZ Mineral's intentions with respect to compulsory acquisition are set out in section 8.3 of the Bidder's Statement. In summary, OZ Minerals has indicated that if it becomes entitled to do so under the Corporations Act, it intends to give notices to compulsorily acquire any outstanding Avanco Shares in accordance with section 661B of the Corporations Act.
Will OZ Minerals Shares issued under the Offer be listed on ASX?	OZ Minerals intends to make an application for quotation of the OZ Minerals Shares issued under the Offer on ASX. If the application is not successful, then all contracts resulting from acceptances of the Offer will be automatically void.
What if I don't want OZ Minerals Shares?	You are free to sell the OZ Minerals Shares you received under the Offer on market. Brokerage will be payable on any subsequent sale of OZ Minerals Shares.

General Matters

What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 11 of the Bidder's Statement. If the Offer becomes Unconditional, CGT rollover relief will not be available if OZ Minerals acquires less than 80% of the Avanco Shares under the Offer. As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the offer.
Do I pay brokerage if I accept?	No brokerage or stamp duty will be payable as a result of your acceptance of the Offer.
If I have further questions in relation to the Offer, what can I do?	Please call the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday, or you can speak to your financial or other professional adviser.

3. DETAILS OF THE OFFER

3.1 Background to the Offer

On 27 March 2018, Avanco and OZ Minerals jointly announced that they had entered into the Bid Implementation Deed under which OZ Minerals agreed to make an off-market takeover offer for all of the Avanco Shares.

You should have recently received the Bidder's Statement from OZ Minerals, containing the full terms and conditions of the Offer, together with other information material to your decision whether or not to accept the Offer.

3.2 The Offer

OZ Minerals will offer \$0.085 cash plus 0.009 OZ Minerals Shares for each Avanco Share held.

3.3 Offer Price

The implied value of the Offer Price will fluctuate during the Offer Period with the OZ Minerals share price. Accordingly, if the OZ Minerals share price falls, the implied value of the Offer Price will fall. Likewise, if the OZ Minerals share price rises, the implied value of the Offer Price will rise. The table below illustrates the implied value of the Offer Price based on an OZ Minerals share price range of \$8.00 to \$10.00.

OZ Minerals share price	Cash component	Implied value of scrip component	Implied total value
\$8.00	\$0.085	\$0.072	\$0.157
\$8.50	\$0.085	\$0.077	\$0.162
\$9.00	\$0.085	\$0.081	\$0.166
\$9.45¹⁵	\$0.085	\$0.085	\$0.170
\$9.50	\$0.085	\$0.086	\$0.171
\$10.00	\$0.085	\$0.090	\$0.175

3.4 The Offer is unanimously recommended by the Avanco Directors

The Avanco Directors unanimously recommend that Avanco Shareholders accept the Offer in the absence of a Superior Proposal.

3.5 Directors' intentions in relation to the Offer

Each of the Avanco Directors who holds a Relevant Interest in Avanco Shares have indicated their intention to accept, or procure the acceptance of, the Offer in respect of the Avanco Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in, subject to there being no Superior Proposal.

¹⁵ Representing the 1-month VWAP of OZ Minerals Shares up to and including 26 March 2018 (being the last trading day prior to the Announcement Date).

3.6 OZ Minerals intentions

See section 8 of the Bidder's Statement for a summary of OZ Minerals' intentions following completion of the Offer.

3.7 Intentions of major shareholders

As at the date of this Target's Statement, OZ Minerals has a relevant interest in 453,307,418 Avanco Shares representing approximately 18.45% of all Avanco Shares¹⁶ as a result of the largest Avanco Shareholder, Appian¹⁷, entering into a Pre-Bid Acceptance Deed with OZ Minerals under which it has agreed to accept the Offer in respect of its entire interest in Avanco Shares, subject to certain conditions. If OZ Minerals acquires Appian's Avanco Shares under the Pre-Bid Acceptance Deed and subsequently sells them to a competing bidder (whether under a takeover or a scheme of arrangement), OZ Minerals will pay Appian an amount equal to the difference between the value of consideration received for the shares and the two day VWAP for Avanco Shares prior to the announcement of the competing offer or competing scheme. A copy of the Pre-Bid Acceptance Deed was lodged with ASX on 28 March 2018.

Further:

- BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares,¹⁸ in the absence of a superior proposal and subject to the conditions of the Offer being fulfilled.¹⁹
- Avanco Directors and certain Avanco Management, whom collectively own 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares²⁰, have also stated they intend to accept the Offer for all of their Avanco Shares, subject to there being no superior proposal and certain other conditions and qualifications.²¹

3.8 Offer Conditions

The Offer is subject to a number of Conditions which are set out in full in section 13.8 of the Bidder's Statement.

¹⁶ Based on 2,456,906,443 Avanco Shares as at the date of this Target's Statement.

¹⁷ Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.

¹⁸ See footnote 16.

¹⁹ BlackRock (subject to applicable law) reserves and retains the right to deal with the Avanco Shares described above on behalf of its clients in its absolute discretion and/or on the instructions of its clients or otherwise (including without limitation, a transfer of Avanco Shares to any replacement investment manager or custodian nominated by its client(s) in circumstances where such client(s) has/have terminated BlackRock's professional relationship in respect of the Avanco Shares). BlackRock's statement of intention was not, and was not intended to be, legally binding and shall neither have any legal effect nor create any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco Shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer.

²⁰ See footnote 16.

²¹ 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.

In summary, the Conditions of the Offer are:

(a) **50.1% minimum acceptance**

At the end of the Offer Period, OZ Minerals has a Relevant Interest in at least 50.1% of the Avanco Shares on issue;

(b) **ASX quotation approval**

At the end of the Offer Period, the application for the quotation of the new OZ Minerals Shares issued to Avanco Shareholders under the Offer is approved by ASX;

(c) **Regulatory Approvals**

Before the end of the Offer Period, any approvals required by law or by any Government Agency to permit the Offer to be made and accepted, and the acquisition of Avanco to be implemented, are granted.

(d) **No restraints or regulatory intervention**

Between the Announcement Date and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a public authority;
- (ii) no action or investigation is announced, commenced or threatened by any public authority; and
- (iii) 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 Offer and the completion of the Offer or which requires the divestiture by OZ Minerals of any Avanco Shares or any material assets of Avanco or any subsidiary of Avanco.

(e) **No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no material adverse change occurs. Refer to section 13.8(d) of the Bidder's Statement for full details of this Condition, including the exclusions.

(f) **No prescribed occurrences**

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), no prescribed occurrence happens. Refer to section 13.8(e) of the Bidder's Statement for full details of this Condition, including the exclusions.

(g) **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 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).

(h) **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 pursuant to the terms 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.

(i) **Conduct of Business**

No breach by a member of the Avanco Group of certain conduct of business restrictions. Refer to section 13.8(g) of the Bidder's Statement for full details of this Condition, including the exclusions.

3.9 Consequence of Conditions not being satisfied

The Conditions are conditions subsequent. The non-fulfilment of a condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your Avanco Shares from arising, but it does entitle OZ Minerals by written notice to you to rescind the contract resulting from your acceptance of the Offer. If a Condition is not satisfied, it may be waived by OZ Minerals.

Therefore, if any Condition is unsatisfied, OZ Minerals may elect to waive the Condition and proceed with the acquisition of Avanco Shares under its Offer or allow the Offer to lapse with unsatisfied Conditions.

Generally, OZ Minerals will not have to decide whether to proceed with the acquisition of Avanco Shares under its Offer until the date that it is required to provide its notice of status of Conditions which, as outlined in section 3.10 of this Target's Statement, can be postponed if the Offer Period is extended.

As at the date of this Target's Statement, Avanco is not aware of any event having occurred which would cause any of the Conditions not to be fulfilled.

3.10 Notice of status of Conditions

OZ Minerals has indicated in section 13.12 of the Bidder's Statement that it will give a notice of the status of the Conditions on 7 May 2018. It will give this notice by making an announcement on the ASX website (**ASX:OZL**).

The Corporations Act requires that such notice state:

- (a) whether the Offer is free from Conditions;
- (b) whether the Conditions have been fulfilled as at the date of the notice; and

- (c) the voting power of OZ Minerals in Avanco.

If the Offer Period is extended before the date the notice is required to be given, the date that OZ Minerals must give its notice is taken to be postponed for the same period. In this case, OZ Minerals is required, as soon as reasonably practicable after the extension, to notify Avanco and ASX of the new date for giving the notice.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date on which the notice of status of conditions is required to be given, OZ Minerals must, as soon as practicable, give Avanco and ASX a notice that states that the particular Condition has been fulfilled.

3.11 Offer Period and extension

Unless the Offer is extended, it is open for acceptance from 11 April 2018 until **7pm (Sydney time) on 14 May 2018** (unless extended). You should not assume that the Offer Period will be extended.

OZ Minerals may extend the Offer Period at any time before giving the notice of status of conditions (referred to in section 3.10 of this Target's Statement) while the Offer is subject to conditions. There are also limited circumstances where OZ Minerals may extend the Offer Period after the notice of status of conditions has been given. However, if the Offer is Unconditional (that is, all the Conditions are fulfilled or freed), OZ Minerals may extend the Offer Period at any time before the end of the Offer Period.

In addition, if the events set out in section 624(2) of the Corporations Act occur within the last seven days of the Offer Period, the Offer Period will be automatically extended so that it ends 14 days after that event.

3.12 Effect of accepting the Offer and rights of withdrawal

Accepting the Offer would (subject to the withdrawal rights discussed below):

- (a) prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Board;
- (b) relinquish control of your Shares to OZ Minerals with no guarantee of payment until the Offer becomes, or is declared, Unconditional – and as the Offer Period could be extended by OZ Minerals, this could result in further delays in payment; and
- (c) give OZ Minerals the option to keep your Avanco Shares (if the Conditions of its Offer are not satisfied (i.e. by waiving the Conditions)) or return your Avanco Shares.

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary:

- (a) under the Corporations Act, you may withdraw your acceptance of the Offer if OZ Minerals varies the Offer in a way that postpones, for more than one month, the time when OZ Minerals needs to meet its obligations under the Offer and the Offer is still subject to one or more Conditions. This will occur if OZ Minerals extends the Offer Period by

more than one month while the Offer is still subject to any of the Conditions; and

- (b) in those circumstances, you will have one month after the date that notice of the extension is given to Avanco to withdraw your acceptance. Your statutory withdrawal rights will terminate on the expiry of that one month, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

If you become entitled to withdraw your acceptance, you will be sent a notice from OZ Minerals, explaining your rights in this regard.

3.13 Lapse of Offer

The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. In that event, all contracts resulting from acceptances of the Offer, and all acceptances that have not resulted in binding contracts, will be void and you will be free to deal with your Avanco Shares as you see fit.

3.14 Ineligible Foreign Shareholders and Small Parcel Holders

Avanco Shareholders who are Ineligible Foreign Shareholders or Small Parcel Shareholders will not be entitled to receive OZ Minerals Shares as consideration for their Avanco Shares pursuant to the Offer, unless OZ Minerals otherwise determines.

An Avanco Shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of Avanco is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Shareholder if OZ Minerals is satisfied that it is not legally or practically constrained from making the Offer to a Avanco Shareholder in the relevant jurisdiction and to issue OZ Minerals Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, OZ Minerals is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

An Avanco Shareholder is a Small Parcel Shareholder if the total number of shares held by it is less than a Small Parcel.

The OZ Minerals Shares which would otherwise have been issued to Ineligible Foreign Shareholders and Small Parcel Shareholders will instead be issued to a nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares (after the deduction of fees, taxes and sale expenses) will then be remitted to the relevant Ineligible Foreign Shareholders and Small Shareholders. Refer to section 13.7 of the Bidder's Statement for further details.

3.15 When you will receive the Offer Price if you accept the Offer

OZ Minerals has set out in section 13.6 of the Bidder's Statement the timing of the provision of the consideration to Avanco Shareholders who accept the Offer. In general terms, provided you have validly accepted the Offer, and subject to the Conditions being fulfilled or waived by OZ Minerals, you will receive the consideration to which you are entitled on acceptance of the Offer on the earlier of:

- (a) one month after the Offer is accepted, or if the Offer is subject to the Conditions at the time the Offer has been validly accepted by you, 1 month after the Offer becomes Unconditional; and
- (b) 21 days after the end of the Offer Period.

3.16 Increased Offer Price

OZ Minerals has declared that the Offer Price is final and will not be increased, in the absence of a competing proposal.

However, if there is a competing proposal and OZ Minerals improves the Offer Price during the Offer Period, any Shareholder who had previously accepted the Offer will be entitled to receive the improved Offer Price.

3.17 Compulsory acquisition

OZ Minerals' intentions with respect to compulsory acquisition are set out in section 8.3 of the Bidder's Statement.

In summary, OZ Minerals has indicated that if it becomes entitled to compulsory acquire any outstanding Avanco Shares in accordance with Part 6A.1 of the Corporations Act and any outstanding Avanco Options in accordance with Part 6A.2 of the Corporations Act, it intends to proceed with the compulsory acquisition of these shares and options.

An overview of OZ Minerals rights to compulsorily acquire Avanco Shares is set out below.

3.18 Post-bid compulsory acquisition

OZ Minerals will be entitled, under section 661A of the Corporations Act, to compulsorily acquire any Avanco Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period, OZ Minerals (together with its Associates) has a Relevant Interest in at least 90% (by number) of the Avanco Shares and OZ Minerals and its Associates have acquired at least 75% (by number) of the Avanco Shares that OZ Minerals offered to acquire under the Offer (whether the acquisitions happened under the bid or otherwise).

If these thresholds are met, OZ Minerals will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Avanco Shareholders who have not accepted the Offer. Avanco Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Avanco Shareholder to establish to the satisfaction of a Court that the consideration offered does not represent "fair value" for their Avanco Shares.

If compulsory acquisition occurs, Avanco Shareholders who have their Avanco Shares compulsorily acquired will be paid their consideration later than the Avanco Shareholders who accept the Offer.

3.19 General compulsory acquisition provisions

OZ Minerals will be entitled, under section 664A of the Corporations Act, to compulsorily acquire any outstanding Avanco Shares and Avanco Options if OZ Minerals' voting power in Avanco is at least 90% and OZ Minerals (either in its own right or through related bodies corporate) acquires full beneficial interests in at least 90% (by value) of the aggregate of all Avanco Shares and Avanco Options and:

- (a) OZ Minerals lodges a compulsory acquisition notice with ASIC within six months of achieving that 90% holding;
- (b) OZ Minerals proposes a cash sum for the compulsory acquisition of the Avanco Shares and Avanco Options; and
- (c) OZ Minerals obtains the report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value of the securities covered.

3.20 Further developments

Should there be any developments during the Offer Period (for example, the emergence of a Superior Proposal from another bidder) which would alter the Avanco Directors' recommendations in relation to the Offer, Avanco Shareholders will be notified through a supplementary Target's Statement.

3.21 Taxation Consequences

In making a decision whether to accept the Offer, Avanco Shareholders should also have regard to the fact that the disposal of Avanco Shares may have taxation consequences. Avanco Shareholders should carefully read and consider the potential Australian taxation consequences of accepting the Offer as set out in section 11 of the Bidder's Statement. If the Offer becomes Unconditional, CGT rollover relief will not be available if OZ Minerals acquires less than 80% of the Avanco Shares under the Offer.

3.22 Options Offer

Avanco currently has 195,250,000 Options on issue as follows:

Option Class	Number of Options	Exercise Price	Expiry Date
1	150,000,000	\$0.10	30 June 2018
2	34,250,000	\$0.10	31 December 2019
3	11,000,000	\$0.10	31 December 2020

Treatment of Class 1 Options

The Offer extends to Avanco Shares that are issued on the exercise of Avanco Options during the period from the Register Date to the end of the Offer Period.

On the Announcement Date, the holders of the Class 1 Options (being Anthony Polglase, Vernon Tidy, Simon Mottram, Luis Azevedo, Colin Jones, Scott Funston and Wayne Phillips) entered into deed polls in favour of OZ Minerals. Under the deed polls, those Optionholders have undertaken not to exercise their Avanco Options until the Offer becomes free of defeating conditions and have expressed an intention to accept the Offer for any Avanco Shares issued on exercise of their Avanco Options, subject to the terms of those deed polls.

Treatment of Class 2 and 3 Options

Under the Bid Implementation Deed, Avanco will, as soon as practicable after the making of the Offer by OZ Minerals, make an offer to each holder of Class 2 and Class 3 Avanco Options in the table above in a form approved by OZ Minerals under which their Avanco Options will be cancelled in exchange for cash consideration of **\$0.07 per Option**.

These offers will be conditional upon:

- (a) OZ Minerals becoming entitled to compulsorily acquire all Avanco Shares; and
- (b) the Offer being declared Unconditional.

The above offers are subject to ASX granting a waiver from ASX Listing Rule 6.23.2 or Avanco Shareholders approving the cancellation of the Avanco Options.

Each of the Avanco Directors is a holder of Avanco Options in the proportions set out in section 9.2 of this Target's Statement.

4. OFFER CONSIDERATIONS

4.1 Possible reasons not to accept the Offer

This section 4.1 sets out key reasons why Shareholders may decline to accept the Offer.

(a) **You may disagree with the recommendation of the Avanco Directors**

You may hold a different view to the Avanco Directors and believe that the Offer Price of \$0.085 in cash plus 0.009 OZ Minerals Shares per Share is inadequate.

(b) **You may wish to remain an Avanco Shareholder**

If you accept the Offer, you will no longer be entitled to participate in the future financial performance of Avanco or exercise the rights (including voting rights) of being an Avanco Shareholder.

(c) **The tax consequences of acceptance of the Offer may not be favourable to you given your financial position**

Acceptance of the Offer by Avanco Shareholders is likely to have tax implications. You should carefully read and consider the potential Australian taxation consequences of accepting the Offer as summarised in section 11 of the Bidder's Statement. If the Offer becomes Unconditional, CGT rollover relief will not be available if OZ Minerals acquires less than 80% of the Avanco Shares under the Offer.

Avanco Shareholders should not rely on the taxation considerations set out in section 11 of the Bidder's Statement as being advice on their own affairs. Avanco Shareholders should consult with their own independent taxation advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

(d) **You may consider that there is the potential for a proposal superior to the Offer to be made for Avanco Shares**

It is possible that a proposal superior to the Offer could materialise in the future. However, as at the date of this Target's Statement, no alternative proposal has been received.

4.2 Risks associated with accepting the Offer and being an OZ Minerals Shareholder

Details on the risks associated with accepting the Offer and being an OZ Minerals Shareholder are contained in section 10 of the Bidder's Statement and sections 8.1 and 8.2 of this Target's Statement.

5. YOUR CHOICES AS A SHAREHOLDER

As an Avanco Shareholder you have three choices currently available to you:

- **ACCEPT THE OFFER**

Avanco Shareholders may elect to accept the Offer in respect of their Avanco Shares. Avanco Shareholders will receive \$0.085 cash consideration plus 0.009 OZ Minerals Shares for each Share for which a valid acceptance has been received.

To accept the Offer, follow the instructions on the Acceptance Form which accompanies the Bidder's Statement.

- **SELL YOUR AVANCO SHARES ON MARKET**

Avanco Shareholders may elect to sell some or all of their Avanco Shares on ASX if they have not already accepted the Offer in respect of those Avanco Shares.

The price you will receive for your Avanco Shares will depend on the prevailing market price of the Avanco Shares at the time of sale. You should be aware that the market price of Avanco Shares may rise or fall throughout the Offer Period and following the close of the Offer. You should also note that:

- you will need to pay any brokerage fees which may be payable on such a sale; and
- you will not benefit from any increase in the Offer Price or from any alternative offer made by another bidder for your Avanco Shares, if such an offer is made.

The latest price for Avanco Shares may be obtained from the ASX website at **www.asx.com.au**.

Avanco Shareholders who wish to sell their Avanco Shares on ASX should contact their broker for information on how to effect that sale.

- **DO NOTHING**

Avanco Shareholders who do not wish to accept the Offer or sell their Avanco Shares on market can do nothing.

Avanco Shareholders should note that if OZ Minerals acquires a Relevant Interest in at least 90% of the Avanco Shares during or at the end of the Offer Period, OZ Minerals has indicated that it intends to compulsorily acquire the Avanco Shares in which it has not acquired a Relevant Interest. In that situation, you may be paid for your Avanco Shares later than Avanco Shareholders who accept the Offer.

6. INFORMATION RELATING TO AVANCO

6.1 Overview of Avanco

Avanco is an ASX-listed copper and gold producer with a multi-stage Brazilian asset portfolio. Avanco's largely Brazilian based management team is focused on its four key assets including, the optimisation of its high grade producing Antas copper mine; the development of its larger scale Pedra Branca and CentroGold copper and gold projects; and further exploration of its recently acquired option over the Pantera Copper Project. Avanco's copper assets are positioned in the Carajás province, a globally recognised region for world-class iron oxide copper gold (IOCG) ore deposits.

6.2 History of Avanco

Avanco was listed on the ASX in 2007 with the focus of exploring and developing its Antas North and South projects located in the Carajás mineral province in Northern Brazil. In 2016, construction of the Antas project was completed on time and under budget, with commercial production declared on 1 July 2016. In addition to Antas, Avanco has established an attractive Brazilian development asset portfolio through the acquisitions of Pedra Branca from Xstrata in 2012, CentroGold from Jaguar Mining in 2017 and an option over the Pantera project from Vale in 2018. Whilst Avanco is headquartered in Perth, Australia, Avanco's management team is predominantly based in Brazil and has had over a decade of on the ground experience.

6.3 Projects

Avanco's projects and exploration tenements are located in the Carajás Province in the state of Pará and the state of Maranhão (figure 1 below) in Northern Brazil. The Carajás province is widely regarded as a premier mineral province hosting a large concentration of large IOCG deposits.



Figure 1 – Avanco's North Brazilian asset portfolio

Avanço's three key copper focussed projects in the Carajás (Antas, Pedra Branca and Pantera) are located in close proximity to each other and key infrastructure as illustrated in figure 2 below:

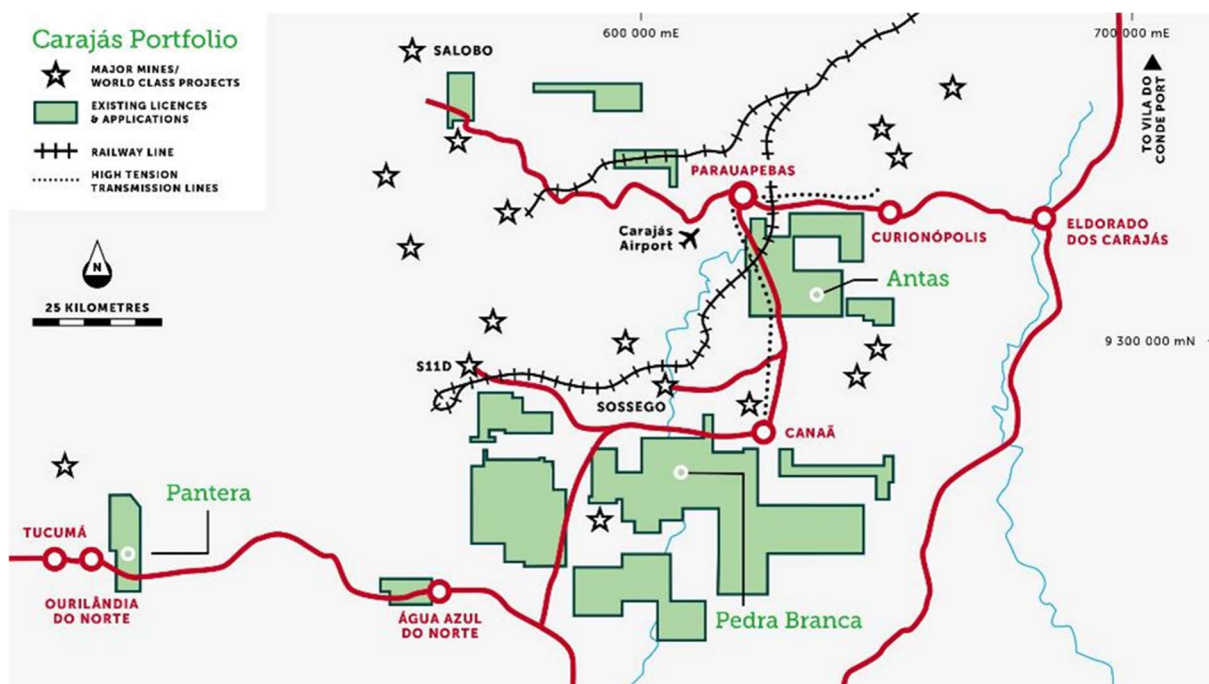


Figure 2 – Avanço's Carajás portfolio

Avanço's Ore Reserves and Mineral Resources as at 21 March 2018 are shown below:

CARAJAS COPPER – Mineral Resources ^{1,2,3,4,5,6}						
DEPOSIT	Category	Million Tonnes	Cu (%)	Au (g/t)	Copper Metal (T)	Gold Metal (Oz)
Pantera ¹²	Inferred	20.80	1.7	0.2	350,000	140,000
Total Pantera		20.80	1.7	0.2	350,000	140,000
PB East ¹³	Measured	1.98	2.7	0.7	53,000	43,000
	Indicated	5.72	2.8	0.7	161,000	123,000
	Inferred	2.78	2.7	0.6	75,000	55,000
	Total	10.48	2.8	0.7	289,000	221,000
PB West ¹³	Indicated	4.46	2.04	0.61	91,000	87,000
	Inferred	2.74	1.72	0.56	47,000	49,000
	Total	7.19	1.92	0.59	138,000	136,000
Total Pedra Branca		17.67	2.44	0.65	427,000	357,000
Antas North ¹⁴	Measured	2.84	2.2	0.5	62,200	48,400
	Indicated	2.93	1.5	0.3	44,000	31,500
	Inferred	3.99	1.1	0.2	43,200	24,200
	Total	9.76	1.5	0.3	149,400	104,100
Antas South ^{15, 18}	Measured	0.59	1.34	0.18	8,000	3,000
	Indicated	7.50	0.7	0.2	53,000	49,000
	Inferred	1.99	1.18	0.2	24,000	13,000
	Total	10.08	0.83	0.2	85,000	65,000
Total Antas		19.84	1.1	0.2	234,400	169,100
TOTAL		58.31	1.7	0.3	1,011,400	666,100

ANTAS COPPER MINE – Ore Reserves ^{7,8}							
LOCATION	JORC Category	Economic Cut-Off Cu%	Million Tonnes	Copper (%)	Gold (g/t)	Copper Metal (T)	Gold Metal (Oz)
Antas Mine	Proved	0.5	0.90	3.58	0.73	32,300	21,200
	Probable	0.5	1.83	1.83	0.43	33,600	25,600
Mine Stockpiles	Proved	0.5	0.04	0.93	0.28	400	400
TOTAL PROVEN + PROBABLE			2.78	2.38	0.53	66,300	47,200

CENTROGOLD – Mineral Resources ^{9,10,11}				
DEPOSIT	Category	Million Tonnes	Au (g/t)	Gold Metal (Oz)
Contact Zone ¹⁶	Indicated	4.4	3.6	509,000
	Inferred	3.8	2.5	301,000
	Total	8.2	3.1	811,000
Blanket Zone ¹⁶	Indicated	11.4	1.9	711,000
	Inferred	1.9	2.0	118,000
	Total	13.3	1.9	829,000
Chega Tudo ¹⁶	Indicated	8.2	1.6	432,000
	Inferred	3.1	1.5	145,000
	Total	11.3	1.6	577,000
COMBINED TOTAL		32.8	2.1	2,217,000

Notes:

1. Refer ASX Announcement "Maiden Pantera MRE pushes Avanco's Carajás Resource Base Beyond 1 Mt of Contained Copper", 19 March 2018, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pantera MRE
2. Refer ASX Announcement "Pedra Branca Resource Upgrade, Advances Development Strategy", 26 May 2016, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pedra Branca East MRE
3. See ASX Announcement "Pedra Branca Resource Upgrade Delivers Substantial Increase in Both Contained Copper and Confidence", 13 July 2015, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Pedra Branca West MRE
4. See ASX Announcement "Stage 1 set to excel on new high-grade Copper Resource", 7 May 2014, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas North MRE
5. See ASX announcement "Major Resource Upgrade for Rio Verde", 8 February 2012, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas South MRE
6. The Antas South JORC MRE was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was last reported
7. See ASX Announcement "Maiden Reserves Exceed Expectations for Antas Copper", 17 September 2014, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Antas North JORC (2012) Reported Reserve estimate
8. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves
9. See ASX Announcement "CentroGold Approaches 2 Million Ounces", 7 February 2018, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Contact MRE
10. See ASX Announcement "CentroGold – Updated Contact Deposit Resource Grade Now Exceeds 3 g/t Gold", 21 March 2018, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Blanket MRE
11. See ASX Announcement "CentroGold Resources Increase 45% and Exceeds 1.8 Million Ounces", 13 November 2017, for Competent Person's Consent, material assumptions, and technical parameters underpinning the Chega Tudo MRE

12. Grade Tonnage Reported above a Cut-off Grade of 0.6% Copper for Sulphide Resources
13. Grade Tonnage Reported above a Cut-off Grade of 0.9% Copper for Sulphide Resources
14. Grade Tonnage Reported above a Cut-off Grade of 0.4% Copper for Sulphide Resources
15. Grade Tonnage Reported above a Cut-off Grade of 0.3% Copper for Oxide Resources
16. Grade Tonnage Reported above a Cut-off Grade of 1.0 g/t Gold
17. Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves
18. The Antas South JORC MRE was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was last reported

(a) **Antas Copper-Gold Mine (100% Avanco)**

Antas is a producing high-grade open pit copper-gold mine located in the Carajás, 25 kilometres southeast of Parauapebas. It was discovered by Avanco in 2011, developed under budget in under 12-months, and after entering commercial production in July 2016 is already operating above its original design capacity. Antas is 100% owned by Avanco.

For the year ended 31 December 2017 (the first full year of commercial production) Antas produced 14,101 tonnes of contained copper and 11,366 ounces of contained gold at production costs of US\$1.64/lb (C1 Cash Costs) and US\$1.94/lb (All in Sustaining Cash Costs).

At current mining rates, the current reserve model supports a mine life to the end of 2021. The substantial Antas resource base is potentially capable of increasing mine life beyond 2021 and Avanco is actively drilling and evaluating its mine life extension options. Refer to Avanco's 2017 Annual Report and its Quarterly Activities Update for the December 2017 quarter for further information.

(b) **Pedra Branca Copper-Gold Project (100% Avanco)**

Pedra Branca is located in the southern part of the Carajás in the state of Pará in the North of Brazil, situated just under 100 kilometres south of Parauapebas and 30 kilometres east of Canaã.

Pedra Branca is Avanco's second Project and is 100% owned by Avanco. Pedra Branca is divided between the East and West Zone. The East Zone is the first zone being prepared for production, targeting 24,000 tonnes of copper and 16,000 ounces of gold annually. It is envisaged that this will be complemented with additional production from the Pedra Branca West Zone.

A Pre-Feasibility Study for Pedra Branca East was successfully completed and announced in May 2017. Refer to Avanco's ASX announcement dated 26 May 2017 for further details.

Work towards completing the Definitive Feasibility Study for Pedra Branca East (and West) continues and is being compiled by an independent engineering group. The Definitive Feasibility Study is assessing a number of options to improve overall project economics including reducing upfront capital expenditure. This strategy is similar to what was successfully undertaken at Antas prior to mine construction and production.

(c) **CentroGold Project (100% Avanco)**

CentroGold is located in Maranhão State, northern Brazil, between the cities of Belém and São Luis and close to existing infrastructure including sealed roads, power, water and skilled labour. CentroGold comprises approximately 140,000ha of contiguous tenements situated along a highly prospective and under-explored 75 kilometres greenstone trend, hosting three proximal deposits: Blanket, Contact and Chega Tudo.

Avanco released the results of a scoping study on the CentroGold Project on 10 April 2018. Initial findings of the Scoping Study indicate the project has potential to be a long life, low capex gold project targeting over 100,000 ounces of gold annually for a greater than 10 year mine life. Avanco has made progress on advancing environmental and social permitting along with mineral rights and licences, however construction cannot commence until an injunction is lifted and local housing is re-located.

Refer to Avanco's ASX announcement released on 10 April 2018, titled "CentroGold – Scoping Study" for further details.

(d) **Pantera Project**

In January 2018, Avanco announced the agreed terms for an option to acquire 100% of the Pantera Copper Project from Vale.

The Pantera license extends to 9,700ha, situated 110 kilometres west of Avanco's Pedra Branca Project. It is located close to excellent infrastructure, near Vale's operating Onça Puma Nickel Mine, and the mining towns of Tucumá and Ourilândia do Norte that support it.

Under the terms of the Vale option, drilling is required to establish a valuation based on US\$0.04/lb of copper contained in JORC Measured and/or Indicated Resources, or by paying US\$ 0.04/lb of copper based on a non-JORC Resource of 400,000 tonnes of copper metal. Avanco believes these terms, targets and contained copper assumptions are reasonable and achievable.

Refer to Avanco's ASX announcement dated 16 January 2018 titled "Avanco Acquires Pantera Project from Vale" for further details of the Option and the Pantera Project.

6.4 Avanco financial information and project activities

Avanco's Annual Report (comprising the full financial accounts) for the financial year ending 31 December 2017 (**2017 Annual Report**) was released to ASX on 27 February 2018.

The 2017 Annual Report discloses that Avanco, on a consolidated basis, reported net sales revenue of US\$90,325,000, an after tax profit of US\$2,500,000, total assets of US\$136,216,000 and total equity of US\$91,449,000.

As at 31 December 2017, the reported cash balance for Avanco was US\$24,362,000. Subsequent to year-end, Avanco entered into an Option Agreement to acquire 100% of the Pantera Copper Project from Vale S.A. US\$500,000 was paid on signing of the Option Agreement (see section 6.3(d) above for further details).

Otherwise, no event or item which may have a significant effect on the financial information contained in the 2017 Annual Report has occurred since 31 December 2017.

Copies of the 2017 annual report containing the full financial statements are available on Avanco's website.

6.5 Avanco issued capital

As at the date of this Target's Statement, Avanco has the following securities on issue:

- (a) 2,456,906,443 Shares;
- (b) 150,000,000 Options exercisable at \$0.10 each on or before 30 June 2018;
- (c) 34,250,000 Options exercisable at \$0.10 each on or before 31 December 2019; and
- (d) 11,000,000 Options exercisable at \$0.10 each on or before 31 December 2020.

6.6 Substantial Shareholders

Based on publicly disclosed substantial holder notices, the substantial holders of Avanco Shares (being persons who hold a Relevant Interest in Avanco of 5% or more) as at 10 April 2018, being the last trading day prior to the date of this Target's Statement, are as follows:

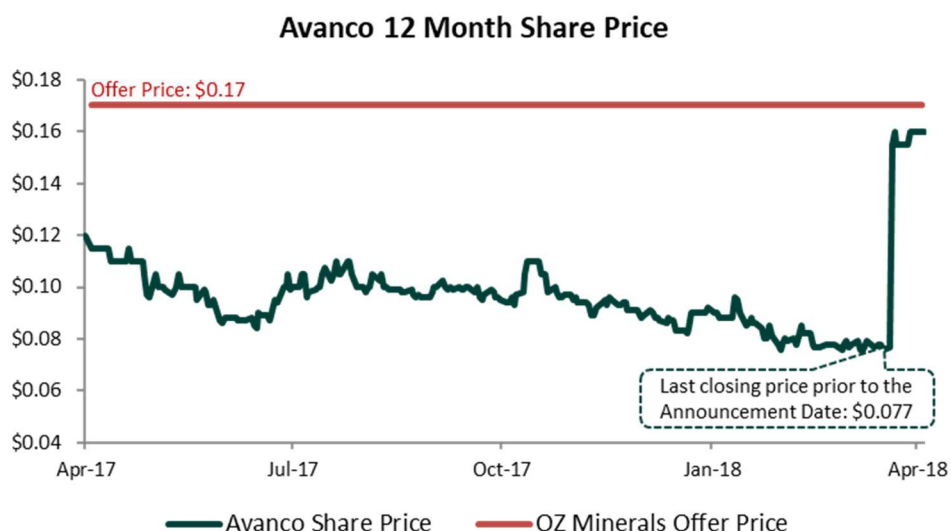
Shareholder Name	Number of Shares	Voting Power in Avanco
Appian Natural Resources Fund ²²	453,307,418	18.45%
Greenstone AVB Holdings	409,937,578	16.69%
BlackRock Group (Blackrock Inc and subsidiaries) ²³	292,383,269	11.90%
Glencore Holdings Pty Limited	203,099,095	8.27%

²² These Avanco Shares are the subject of the Pre-Bid Acceptance Deed referred to in section 3.7 of this Target's Statement. OZ Minerals also holds a relevant interest in these Avanco Shares as a result of this Pre-Bid Acceptance Deed and has separately lodged a substantial holder notice in relation to these Avanco Shares.

²³ These figures are based on the last substantial holder notice lodged with Avanco by BlackRock. As noted in section 3.7 of this Target's Statement, the number of Avanco Shares held by BlackRock (based on the intention statement given by BlackRock in relation to the Offer) has changed since the date of their last substantial holder notice.

6.7 Recent Share price performance

The below chart shows the Offer Price²⁴ relative to the price performance of Avanco Shares on ASX during the 12 month period up to and including 10 April 2018, being the last trading day prior to the date of this Target's Statement:



6.8 Avanco Board

Mr Vernon Tidy Interim Non-Executive Chairman of the Board

Mr Tidy's skills encompass corporate governance, financial compliance and exceptional accounting, tax and audit knowledge. He is well known in the Australian resources sector, having formerly been a Senior Audit Partner at Ernst & Young where he led the WA mining and metals industry group. He has worked extensively with the largest multinationals to junior explorers, in Australia, South America, Asia and Africa for companies listed on the ASX, LSE and TSX. Currently Mr Tidy consults to the sector and is involved in industry transactions, notably project identification and transaction execution.

Mr Tidy has not held any listed directorships during the past three years.

Mr Anthony Polglase Managing Director

Mr Polglase started his career at the South Crofty Mine in Cornwall. Subsequently he studied a degree in metallurgy at the Camborne School of Mines, which helped launch his career internationally, working for over 40 years across different mining disciplines for companies including Ashanti, Rio Tinto, TVX and Invernias in Africa, Europe, the FSU and for the last decade in Brazil. Mr Polglase is recognised for his project management skills in the mining sector, notably critical evaluation, implementation and commissioning of mining projects.

Mr Polglase is currently an executive director of Avanco, and has not held any other listed directorships during the past three years.

²⁴ Implied value of the Offer Price based on OZ Mineral's 1-month VWAP up to and including 26 March 2018.

Mr Simon Mottram
Executive Director

Mr Mottram is a geologist with over 20 years' experience predominantly in iron oxide, copper, gold, nickel sulphide and precious metals. Having held senior management positions with a number of successful mining companies both in Australia and overseas, Mr Mottram has extensive knowledge in base and precious metal evaluations, and has seen a number of discoveries advanced through to commercial mine development. He has been central to several significant exploration successes. His exploration experience is well aligned to Avanco's projects and Mr Mottram is an expert in the application of modern exploration techniques, large-scale drill programmes and feasibility studies.

Mr Mottram has not held any other listed company directorships in the past three years.

Mr Luis Azavedo
Executive Director

Mr Azevedo is recognised as one of the best lawyers in the Brazilian resource sector. He has a broad 35 years of experience across a range of companies and commodities, enhanced by the fact that he is also a qualified and experienced geologist. He has held senior positions at Western Mining, Barrick and Harsco, and presently runs a successful legal and accounting practice called FFA which provides specialist legal and technical support to resource companies operating in Brazil. He is also the Chairman of the Brazilian Association of Minerals Research Companies (ABPM - Associação Brasileira das Empresas de Pesquisa Mineral).

Mr Azavedo is a director of TSX listed company Talon Metals (appointed 5 April 2005), AIM listed Harvest Minerals Limited (appointed 15 March 2012) and TSX listed company Five Star Diamonds Limited (appointed 11 May 2017).

Director of AIM listed Jangada Mines Plc (appointed 1 July 2017)

Mr Luiz Ferraz
Non-Executive Director

Mr Ferraz is a well-respected Brazilian businessman, with considerable experience and expertise in the Brazilian resources and finance sectors. He was formerly the CFO and subsequently CEO of Paranapanema, the largest copper smelter in Brazil, which he developed into strong business, increasing production significantly. Consequently, Mr Ferraz is well known to Brazilian and international copper producers and commodity traders. Having held senior positions at Banco Bandeirantes, Mr Ferraz also has considerable financial experience, notably with regards to debt financing.

Mr Ferraz is a Partner of Brasil Agro, a Sao Paulo based specialist agribusiness investment fund, and is a board member of several unlisted industrial companies. Mr Ferraz has not held any other listed directorships in the past three years.

Mr Paul Chapman
Non-Executive Director

Mr Chapman has considerable commercial skills gained across corporate finance and treasury, and a deep understanding of financial markets and the resources sector. His career has spanned senior commercial management roles

at Western Mining, Alcoa and Minara Resources, before transitioning to board positions across a range of ASX mid and small-cap mining and development companies, notably Silver Lake Resources, where as a founding shareholder, he grew Silver Lake into an ASX 200 company, acting as Chairman until 2015.

Mr Chapman is the non-executive chairman of Encounter Resources (appointed 5 April 2005) and the non-executive chairman of Black Cat Syndicate Limited (appointed 4 August 2017).

6.9 Other material information about Avanco

All Avanco disclosures to ASX are available on Avanco's website at **www.avancoresources.com** and on the ASX website at **www.asx.com.au** (under the ASX company code "AVB").

For more information on Avanco, please visit **www.avancoresources.com**.

7. INFORMATION RELATING TO OZ MINERALS

7.1 Important notice

The following information about OZ Minerals is based on public information, including information in the Bidder's Statement, and has not been independently verified. Accordingly, Avanco does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on OZ Minerals in this Target's Statement should not be considered comprehensive.

For more information on OZ Minerals, please refer to:

- (a) section 3 of the Bidder's Statement;
- (b) the website of OZ Minerals, **www.ozminerals.com**; and
- (c) the ASX disclosures of OZ Minerals available on OZ Minerals' website at **www.ozminerals.com** and on the ASX website at **www.asx.com.au** (under the company code "OZL").

7.2 Overview of OZ Minerals

OZ Minerals was formed in 2008 by the merger of two Australian non-ferrous metals mining businesses, Oxiana Limited and Zinifex Limited, and is an ASX listed Australian based modern mining company with a focus on copper. OZ Minerals owns and operates the copper-gold-silver mine at Prominent Hill in South Australia and is developing one of Australia's largest copper-gold resources at Carrapateena in South Australia.

OZ Minerals Brazil has been incorporated for the purpose of making the Offer, and as such, it currently holds no assets of its own. OZ Minerals Brazil is a wholly owned subsidiary of OZ Minerals.

For more information about the history and structure of OZ Minerals refer to section 3.3 of the Bidder's Statement.

7.3 Operations of OZ Minerals

(a) **Prominent Hill Project (100% owned by OZ Minerals)**

Prominent Hill is a copper-gold mining operation in northern South Australia that is solely owned by OZ Minerals. The mine comprises an open pit mine, an underground mine and a conventional crushing, grinding and flotation processing plant.

Prominent Hill first came on stream in 2009 and now produces over 100,000 tonnes of copper every year.

For more information on the Prominent Hill Project refer to section 3.4(b) of the Bidder's Statement, and the summary of OZ Minerals Ore Reserves and Mineral Resources in section 3.5 of the Bidder's Statement.

(b) **Carrapateena Project (100% owned by OZ Minerals)**

Carrapateena is a copper-gold project located approximately 160 km north of Port Augusta in South Australia's highly prospective Gawler Craton.

The project is located on Pernatty Station and its supporting infrastructure is located within Oakden Hills Station.

Carrapateena is one of Australia's largest undeveloped copper deposits. It is expected to be a 4.25 Mtpa ore underground operation, with an estimated mine life of 20 years, at an estimated construction build cost of approximately \$916 million. Installed and proposed infrastructure on site includes an accommodation village, airstrip, processing plant and tailings storage facility.

Construction of Carrapateena is underway and commissioning is scheduled for Q4 2019 after which the project will ramp up to steady state production. Mining lease approvals were secured in March 2018 and OZ Minerals is presently in advanced negotiations regarding an award of a multi-year underground mining services contract.

For more information on the Carrapateena Project refer to section 3.4(b) of the Bidder's Statement, and the summary of OZ Minerals Ore Reserves and Mineral Resources in section 3.5 of the Bidder's Statement.

(c) **West Musgrave Project (70% earn-in right held by OZ Minerals)**

In August 2016, OZ Minerals signed an agreement with Cassini Resources to earn up to 70% of the West Musgrave Project, Australia's largest undeveloped copper nickel deposit.

The project is located in the Musgrave Province of Western Australia and includes the Nebo-Babel nickel-copper and Succoth copper deposits. OZ Minerals is hoping to establish the West Musgrave project as a scaleable, low cost, long life, open pit mining operation.

The tenements have excellent potential for the discovery of further magmatic nickel-copper sulphide systems. Copper and nickel intersections have been returned from drilling at several other prospects.

In November 2017 OZ Minerals and Cassini announced that the West Musgrave project would progress to a Pre-Feasibility Study.

For more information on the West Musgrave Project refer to section 3.4(b) of the Bidder's Statement, and the summary of OZ Minerals Ore Reserves and Mineral Resources in section 3.5 of the Bidder's Statement.

7.4 Financial information

In the financial year ended 31 December 2017, OZ Minerals, on a consolidated basis, reported revenue of \$1,023,100,000, an after tax profit of \$231,100,000, total assets of \$2,826,300,000 and total equity of \$2,029,000,000.

The full financial accounts for OZ Minerals for the 2017 financial year, which include the notes to the accounts, can be found in the annual financial report for OZ Minerals for that period.

For more details on the financial information on the OZ Minerals Group, refer to section 3.7 of the Bidder's Statement.

7.5 Directors of OZ Minerals and OZ Minerals Brazil

As at the date of this Target's Statement, the directors of OZ Minerals are as follows:

Director Name	Position
Ms Rebecca McGrath	Non-executive Chairman
Mr Andrew Cole	Managing Director and CEO
Dr Julie Beeby	Non-executive Director
Ms Tonianne Dwyer	Non-executive Director
Mr Charles Lenegan	Non-executive Director
Mr Peter Tomsett	Non-executive Director
Mr Peter Wasow	Non-executive Director

For more information on the directors of OZ Minerals, refer to section 3.2(a) of the Bidder's Statement.

8. RISK FACTORS

8.1 Risks associated with accepting the Offer

Conditions of the Offer

As described in section 13.8 of the Bidder's Statement and section 3.8 of this Target's Statement, the Offer is subject to a number of conditions.

If the conditions of the Offer are not satisfied by the applicable date (or waived by OZ Minerals), the Offer will not be free of conditions and therefore will not proceed.

Limited withdrawal rights

You may only withdraw your acceptance if:

- (i) the conditions of the Offer are not fulfilled or waived by the times specified in the Bidder's Statement; or
- (ii) OZ Minerals extends the Offer Period for more than one month and the Offer remains subject to one or more of the conditions at that time (see section 13.5(a)(2) of the Bidder's Statement).

Otherwise, you will be unable to withdraw your acceptance even if the value of OZ Minerals varies significantly from the date of your acceptance of the Offer.

If a Superior Proposal is announced you will not be able to withdraw your acceptance of the Offer

If a Superior Proposal is announced, Avanco Shareholders who accept the Offer will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal.

At the date of this Target's Statement, the Avanco Directors are not aware of any Superior Proposal.

CGT

If the Offer becomes Unconditional, CGT rollover relief will not be available if OZ Minerals acquires less than 80% of the Avanco Shares under the Offer. A general overview of the tax implication of accepting the Offer for Australian resident Avanco Shareholders is set out in section 11 of the Bidder's Statement.

Avanco Shareholders should not rely on the taxation considerations set out in section 11 of the Bidder's Statement as being advice on their own affairs. Shareholders should consult with their own independent taxation advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

Consideration

OZ Minerals will offer \$0.085 in cash plus 0.009 OZ Minerals Shares for each Avanco Share held. As OZ Minerals is listed on ASX, the value of the Offer consideration will fluctuate depending on the market value of OZ Minerals Shares. There are risks associated with investing in OZ Minerals. These risks are discussed in sections 10.2 and 10.3 of the Bidder's Statement and also in section 8.2 of this Target's Statement.

Avanco has not independently verified OZ Minerals information

Avanco has relied on publicly available information released by OZ Minerals which has not been independently verified by Avanco and has assumed that OZ Minerals has complied with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Any inaccuracy in this information could adversely affect the anticipated results of operations of the Combined Entity.

8.2 Risks associated with being an OZ Minerals shareholder

There are certain risks involved in holding OZ Minerals Shares and those risks are outlined in sections 10.2 and 10.3 of the Bidder's Statement. The Avanco Board draws your attention to the risks set out below:

Issue of OZ Minerals Shares as consideration

Avanco Shareholders are being offered consideration under the Offer that consists of a specified number of OZ Minerals Shares, rather than a number of OZ Minerals Shares with a specified market value. As a result, the value of the consideration will fluctuate depending upon the market value of the OZ Minerals Shares.

Furthermore, under the Offer, OZ Minerals will issue a significant number of OZ Minerals Shares. Some Avanco Shareholders may not intend to continue to hold OZ Minerals Shares and may wish to sell them on the ASX. There is a risk that if a significant number of Avanco Shareholders seek to sell their OZ Minerals Shares, this may adversely impact the price of OZ Minerals Shares.

Unless OZ Minerals Brazil acquires at least 80% of the Avanco Shares under the Offer, CGT scrip for scrip rollover relief will not be available in respect of the OZ Mineral Shares received in exchange for the Avanco Shares.

There are also certain risks that relate to the merger of OZ Minerals and Avanco should the Offer succeed. OZ Minerals has summarised these risks in sections 10.2 and 10.3 of the Bidder's Statement, which summary includes risks relating to:

Integration risks

There are risks that any integration between the businesses of the OZ Minerals Group and the Avanco Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

Accounting

OZ Minerals will be required to perform a fair value assessment of all of Avanco's assets and liabilities if the Offer is successful. This assessment may result in increased depreciation and amortisation charges. There is a risk that these charges may be substantially greater than those that would exist in OZ Minerals and Avanco as separate businesses. This may reduce the future earnings of the Combined Group.

Change in risk and investment profile

Avanco Shareholders who accept the Offer will be exposed to risk factors relating to OZ Minerals, and to certain additional risks relating to the Combined Group and the integration of the two companies.

These include risks relating to the operation of a broader suite of assets (both in nature and scale) than Avanco owns and the change in product and impurity profiles.

Exchange rate fluctuations

OZ Minerals currently does not generally hedge currency risk, and there can be no assurance that OZ Minerals will hedge exchange rate risks moving forward.

Given that OZ Minerals' existing functional currency is the Australian dollar (with US dollars only held to meet US dollar commitments), post-acquisition the Combined Group's Australian dollar earnings may be adversely affected by movements in either the US dollar or Brazilian real. Other risks that arise from the Offer

8.3 There are other risks in not accepting the offer

No Premium

Avanco Shareholders who do not accept the Offer may not receive the premium offered by OZ Minerals. Further, in the absence of the Offer, the price of Avanco Shares on ASX may potentially reduce to the levels at which it was trading before the date of announcement of the Offer.

Minority ownership consequences

In section 8.4 of the Bidder's Statement, OZ Minerals describes its intentions in the event that it does not become entitled to at least 90% of the Avanco Shares.

If the scenario described in section 8.4 of the Bidder's Statement occurs, Avanco Shareholders who do not accept the Offer will become minority shareholders in Avanco and those Avanco Shareholders will no longer collectively control Avanco.

This has a number of possible implications including the following:

- (i) OZ Minerals will be able to cast the majority of votes at a general meeting of Avanco enabling it to control the Board and senior management, determine Avanco's dividend policy and control the strategic direction of Avanco.
- (ii) Subject to the requirements of the Corporations Act and Avanco's constitution, OZ Minerals may appoint nominees of OZ Minerals to the Board.
- (iii) Your Directors believe it is reasonably likely that the liquidity of Avanco Shares would be lower than at present if a number of Avanco Shareholders accept the Offer.
- (iv) OZ Minerals may apply for Avanco's removal from the official list of ASX. If this occurs, Avanco Shares will not be able to be bought or sold on ASX.

- (v) If OZ Minerals acquires 75% or more of the Avanco Shares, it will be able to pass special resolutions of Avanco. This will enable OZ Minerals to amend Avanco's constitution.

There are also risks associated with holding Avanco Shares, these are detailed at section 8.4 of this Target's Statement.

Avanco's share price may fall

If the Offer is unsuccessful and no other offers emerge, Avanco's Share price may fall below the current trading price and Avanco Shareholders will be exposed to the ongoing risks associated with an investment in Avanco. In particular:

- (a) Avanco Shareholders will have full exposure to the development risk associated with Avanco's existing projects, and will not benefit from OZ Minerals' development expertise or financial strength;
- (b) Avanco has not yet finalised the permitting or bankable feasibility studies for Pedra Branca or CentroGold and there is a risk that it may not be able to do so in a timely manner or on favourable terms; and
- (c) there is a strong probability that Avanco will have to raise additional funds to fund the development of Pedra Branca and/or CentroGold, potentially through an issue of equity at a discount to the trading price of Avanco Shares, which could dilute your investment in Avanco.

If you do not accept the Offer and the Offer becomes Unconditional

Liquidity in Avanco Shares may be significantly reduced, or OZ Minerals may be entitled to remove Avanco from the official list of the ASX and OZ Minerals may be entitled to acquire your Avanco Shares through compulsory acquisition (see section 3.17 of this Target's Statement).

8.4 Risks associated with holding Avanco Shares

If you decide not to accept the Offer and retain your Avanco Shares, you will continue to be exposed to the risks associated with being an Avanco Shareholder. Holding an Avanco Share provides an economic interest in the ongoing operating activities of Avanco. However, there is no guarantee that Avanco will become profitable in the future as the business is affected by many risk factors.

These may be risks that are widespread risks associated with any form of business or specific risks associated with Avanco's business and its involvement in the exploration and mining industry.

The following summary represents some of the major risk factors which affect Avanco. These risk factors ought not to be taken as exhaustive of the risks faced by Avanco or by Avanco Shareholders. These factors, and others not specifically referred to, may in the future materially affect the financial performance of Avanco and the value of Avanco Shares. Where relevant, the risk factors below assume the Offer will not be successful and Avanco will continue to develop its projects interests.

(a) **General market risks**

The value of Avanco Shares will be influenced by a number of factors that are common to most listed investments. At any point in time, these may include:

- (i) the Australian, Brazilian and international economic outlook;
- (ii) movements in the general level of prices on international and local stock markets;
- (iii) changes in economic conditions including commodity prices, inflation, recessions and interest rates; and
- (iv) changes in Government fiscal, monetary and regulatory policies.

(b) **Company specific risks**

(i) **Future Share price**

There is a risk that the Avanco Share price may fall if the Offer is unsuccessful.

The Directors are not in a position to speculate on the future trading price of the Avanco Shares, including if the Offer lapses. The future price of Avanco Shares is dependent not only on Avanco's performance, but also on external market and other factors.

(ii) **Financing and capital**

Avanco's continued ability to effectively implement its business plan over time may depend in part on its ability to raise additional funds. Notwithstanding Avanco's current financial position, Avanco's capacity to develop projects depends on its ability to put funding solutions in place.

There can be no assurance that Avanco will generate sufficient cash flow, or that access to sufficient investments, loans or other financing alternatives will be secured on commercially acceptable terms.

If the Offer is not successful, there is a risk that Avanco may not be able to fund its Projects, or may only be able to do so on unfavourable terms. Specifically, it is likely that Avanco will need to raise funds by way of an equity issue and there is a risk that Avanco may not be able to complete such an equity raising, or only do so at a price that represents a significant discount to the then trading price of Avanco Shares, which would potentially significantly dilute your interest in Avanco.

(iii) **Exploration and development risk**

Avanco's future value will be materially dependent on the success or otherwise of Avanco's activities which are directed towards the exploration, evaluation and development of copper, gold and other resources. Exploration for and

development of these resources is speculative and involves a significant degree of risk. Although the rewards can be substantial, there is no guarantee that future exploration on territories for which Avanco has exploration and development licences will lead to a commercial discovery or, if there is such discovery, that Avanco will be able to develop it economically. If at any stage Avanco is precluded from pursuing any of its exploration programs or from developing any resource it may identify, this may have an adverse effect on the value of Avanco Shares.

(iv) **Resources and reserve estimates**

Resource and reserve estimates are expressions of judgements based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Avanco's operations.

The Antas Project and Avanco's exploration projects may yield less copper and other base and precious metals under actual production conditions than indicated by Avanco's Reserves and Resources, which are estimates based on a number of assumptions.

(v) **Operating risks**

The current and future operations of Avanco, including exploration, appraisal, construction and production activities may be affected by a range of factors, including adverse geological conditions, limitations on activities due to seasonal weather patterns and cyclone activity, unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities, mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes, riots and other force majeure events, unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment and the inability to obtain necessary consents or approvals.

Further, mechanical or operational failures during drilling, sampling, test work construction and production could cause Avanco substantial loss due to the cost of delay, personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Any of these events might also give rise to claims against Avanco.

Industry operating risks include fire, explosions, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical

failure or breakdown, environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases, tailings dam failures, geotechnical failures or geological uncertainty. The occurrence of any of these risks could result in legal proceedings against Avanco and substantial losses to Avanco due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against Avanco.

(vi) **Mine development**

Possible future development of mining operations at the Antas, Pedra Branca, CentroGold and Pantera Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If Avanco commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control. No assurance can be given that Avanco will achieve commercial viability through the further development of its Projects.

(vii) **Key contracts**

Planned construction, commissioning and operation of Avanco's projects is dependent on securing key contracts and there can be no assurance that Avanco will be able to complete these contracts in time to ensure development and operation of the project in accordance with the project schedule, that contract negotiations will achieve the estimates assumed in any of the studies prepared in relation to its projects, or that contractors will comply with their obligations under the key contracts. The current mining contract, current offtake contracts and logistics contract may not be renewable on the same or better terms and conditions of those currently executed by Avanco.

(viii) **Production and cost estimates at Avanco's Projects**

Production forecasts and capital and operating cost estimates are based on certain forward looking assumptions which are inherently subject to significant uncertainties including inflation and cost pressures on certain expenses, including such items as employees and foreign currency based costs. It is likely that the actual results of Avanco's operations will differ from its current estimates and assumptions.

In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, and/or increase capital and/or operating costs above, Avanco's current estimates. If actual results are less favourable than Avanco currently estimates, Avanco's business, results of operations, financial condition and liquidity could be materially adversely impacted.

(ix) **The future indebtedness of Avanco**

If Avanco enters into a project financing facility, the conditions imposed on Avanco by its financing arrangements could materially and adversely affect its business and results of operations. Any failure by Avanco to comply with the terms of a proposed project finance facility could lead to a termination of that facility or accelerate amounts due under that facility. Avanco could be exposed to adverse interest rate and exchange rate movements as a result of entering into the proposed project finance facility.

(x) **Market, Commodity Price and Currency risk**

The Group is exposed to fluctuations in metal prices (principally copper and gold), fluctuations in foreign currency and interest rates, in each case in relation to its future operational cash flows and its ability to service existing and planned funding of current projects. The market prices for copper and gold fluctuate widely. These fluctuations are caused by numerous factors beyond Avanco's control, such as: speculative positions taken by investors or copper and gold traders, changes in the demand and supply, actual or expected metal sales by central banks and The International Monetary Fund (IMF), global or regional economic events. A sustained period of significant copper and gold price volatility may adversely affect Avanco's ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

(xi) **Brazilian laws, regulations, rules, approvals, licences and permits**

Avanco's activities in Brazil are subject to various laws governing prospecting, mining, development, production, foreign investment, repatriation of profits, corporate policies, taxation policies, labour standards and occupational health, mine safety, environmental policies, land use, water use, land claims of local people and other matters. Although Avanco's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Many of the mineral rights and interests of Avanco and its activities in exploring and developing those rights and interests are subject to government approvals, licences and permits. These approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments

or governmental officials. No assurance can be given that Avanco will be successful in obtaining and maintaining any or all of the various approvals, licences and permits it requires to continue to operate in Brazil, in full force and effect without modification or revocation.

To the extent these approvals are required and not obtained, Avanco may be curtailed or prohibited from continuing or proceeding with its planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws and regulations in Brazil could have a material adverse impact on Avanco's financial performance and the repatriation of profits, or cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

The CentroGold Project was previously granted environmental and construction licenses, these approvals were subsequently suspended by court injunction due to administrative oversights in the licencing process. Avanco is working alongside the regulatory authorities and the local community, seeking the earliest possible resolution.

(xii) **Occupational Health and Safety Risk**

The mining industry is an inherently hazardous industry, and is subject to increasing occupational health and safety responsibility and liability. The potential for significant loss and liability is a constant risk. If Avanco fails to comply with necessary occupational health and safety legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage.

(xiii) **Environmental Risk**

All phases of Avanco's exploration and mining operations are subject to extensive environmental regulation in Brazil. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Avanco's operations, including in relation to pre existing environmental hazards unknown to Avanco at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures may differ from the actual expenditures required.

(xiv) **Regulatory and Political Risk**

Government regulations and political factors, including those relating to prices, taxes, royalties, land tenure, security of mineral rights tenure, land use, the environment, and community constraints, including potential land claims or restrictions on exploration or development are all key considerations in mineral projects. The effects of these factors cannot be accurately predicted and any combination of one or other of the above may impede the operation or development of a project and even render it uneconomic.

(xv) **Reliance on key personnel**

Avanco currently depends on a relatively small number of key employees. There can be no assurance that Avanco will be able to attract and retain the necessary project and operations personnel to develop and operate the Projects, the loss of any of whom could have a material impact on its business and results of operations.

9. ADDITIONAL INFORMATION

9.1 Details of Directors

The Directors of Avanco as at the date of this Target's Statement are:

Director Name	Position
Mr Vernon Tidy	Interim Independent Non-Executive Chairman
Mr Anthony Polglase	Managing Director
Mr Luiz Ferraz	Independent Non-Executive Director
Mr Paul Chapman	Independent Non-Executive Director
Mr Simon Mottram	Executive Director
Mr Luis Azevedo	Executive Director

9.2 Directors' interests in Avanco securities

Details of Avanco Shares and Avanco Options in which each Director has a Relevant Interest are as follows:

Director Name	Avanco Shares	Avanco Options
Mr Vernon Tidy	675,000	5,000,000
Mr Anthony Polglase	8,148,615	45,000,000
Mr Luiz Ferraz	Nil	Nil
Mr Paul Chapman	200,000	Nil
Mr Simon Mottram	1,744,681	35,000,000
Mr Luis Azevedo	1,238,392	20,000,000

9.3 Dealings in securities in Avanco

No Director has acquired or disposed of a Relevant Interest in any Avanco Shares or Avanco Options during the four month period ending on the date immediately before the date of this Target's Statement.

9.4 Directors' interests in OZ Minerals securities

No Director has a Relevant Interest in any securities of OZ Minerals as at the date of this Target's Statement.

9.5 Dealing in OZ Minerals securities

Neither Avanco nor any Director acquired or disposed of a Relevant Interest in any securities in OZ Minerals during the four month period ending on the date immediately before the date of this Target's Statement.

9.6 Conditional agreements

(a) Anthony Polglase

Mr Anthony Polglase and Avanco have entered into an agreement to vary the terms of Mr Polglase's existing consultancy agreement with Avanco as its Managing Director and Chief Executive Officer. The

variations take effect on the Offer being declared Unconditional. Mr Polglase's consultancy arrangement with Avanco will continue on substantially similar terms as his current consultancy agreement except that:

- (i) (Term): The term of the consultancy arrangement will be for one (1) year commencing on the date that the Offer is declared Unconditional;
- (ii) (Remuneration): Total fixed remuneration will remain at AUD\$552,500 per annum inclusive of compulsory employer superannuation contributions;
- (iii) (Short Term Incentives): During the Term, Mr Polglase will be entitled to participate in the OZ Minerals Short Term Incentive Plan at the following incentive level as a percentage of the Remuneration, starting at 42% of target and capped at 60%;
- (iv) (Retention Mechanism): Mr Polglase will be eligible to receive a retention incentive through the issue of executive performance rights valued at 100% of the Remuneration which will vest at the end of the Term subject to the following conditions:
 - (A) Mr Polglase remains engaged by Avanco or any of its Related Bodies Corporate by the end of the Term; and
 - (B) the delivery of agreed key performance indicators, the final assessment of which will take place 1 month prior to the end of the Term;

(b) Simon Mottram

Mr Simon Mottram and Avanco have entered into an agreement to vary the terms of Mr Mottram's existing employment arrangements with Avanco as its Head of Exploration in Brazil. The variations take effect on the Offer being declared Unconditional. Mr Mottram's employment arrangements with Avanco will continue on substantially similar terms as his current employment arrangements except that:

- (i) (Term): The term of the employment arrangement will be for one (1) year commencing on the date that the Offer is declared Unconditional;
- (ii) (Remuneration): Total fixed remuneration will remain at AUD\$386,750 per annum inclusive of compulsory employer superannuation contributions;
- (iii) (Short Term Incentives): During the Term, Mr Mottram will be entitled to participate in the OZ Minerals Short Term Incentive Plan at the following incentive level as a percentage of the Remuneration, starting at 21% of target and capped at 30%;

- (iv) (Retention Mechanism): Mr Mottram will be eligible to receive a retention incentive through the issue of executive performance rights valued at 50% of the Remuneration, which will vest at the end of the Term subject to the following conditions:
 - (A) Mr Mottram remains engaged by Avanco or any of its Related Bodies Corporate by the end of the Term; and
 - (B) the delivery of agreed key performance indicators, the final assessment of which will take place 1 month prior to the end of the Term.
- (c) Luis Azevedo

Mr Luis Azevedo and Avanco have entered into an agreement to vary the terms of Mr Azevedo's existing consultancy agreement with Avanco as its Head of Legal & Business Development in Brazil. The variations take effect on the Offer being declared Unconditional. Mr Azevedo's consultancy arrangement with Avanco will continue on substantially similar terms as his current consultancy agreement except that:

- (i) (Term): The term of the consultancy arrangement will be for one (1) year commencing on the date that the Offer is declared Unconditional;
- (ii) (Remuneration): Total fixed remuneration will remain at AUD\$275,000 per annum inclusive of compulsory employer superannuation contributions;
- (iii) (Short Term Incentives): During the Term, Mr Azevedo will be entitled to participate in the OZ Minerals Short Term Incentive Plan at the following incentive level as a percentage of the Remuneration, starting at 21% of target and capped at 30%;
- (iv) (Retention Mechanism): Mr Azevedo will be eligible to receive a retention incentive through the issue of executive performance rights valued at 50% of the Remuneration, which will vest at the end of the Term subject to the following conditions:
 - (A) Mr Azevedo remains engaged by Avanco or any of its Related Bodies Corporate by the end of the Term; and
 - (B) the delivery of agreed key performance indicators, the final assessment of which will take place 1 month prior to the end of the Term.

Otherwise, no Director is a party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the Offer, other than as Optionholders (see section 3.22 of this Target's Statement for further information).

9.7 Payments and benefits

Except as otherwise disclosed in this Target's Statement, other than a benefit permitted under section 200F of the Corporations Act, no benefit is proposed to be given to a Director in connection with his retirement from office at Avanco or a related body corporate of Avanco, or in connection with the transfer of the whole or any part of the undertaking or property of Avanco.

To the extent permitted by law and subject to restrictions in the Corporations Act, Avanco indemnifies each Director against any liabilities arising as a result of the Director acting as an officer of Avanco.

9.8 Bid Implementation Deed

On 27 March 2018, Avanco and OZ Minerals entered into the Bid Implementation Deed in relation to the Offer.

A full copy of the Bid Implementation Deed was released by Avanco to ASX on 27 March 2018 and is available at: www.asx.com.au.

9.9 Continuous disclosure

Avanco is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Avanco to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Avanco has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Avanco Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au and www.avancoresources.com.

Copies of documents lodged with ASIC in relation to Avanco may be obtained from, or inspected at, an ASIC office.

9.10 Publicly available information

This Target's Statement contains statements which are made in or based on statements made in documents lodged by various parties (including Avanco) with ASIC, or given to ASX, including the Bidder's Statement.

As required by ASIC Class Order 13/521, Avanco will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to Avanco Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Avanco Shareholders may call the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday.

9.11 Material litigation

As at the date of this Target's Statement, Avanco is not aware of any current or proposed litigation or dispute that is material and to which it is or may be party.

9.12 ASIC declarations and ASX Listing Rules waivers

Avanco has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Offer. Further, Avanco has not sought or been granted any waivers from ASX in relation to the Offer other than lodging an application for waiver of Listing Rule 6.23.2 to permit Avanco to cancel the Avanco Options without approval by Avanco Shareholders.

9.13 Taxation considerations for Avanco Shareholders

A general outline of the tax implications of accepting the Offer is set out in section 11 of the Bidder's Statement.

As that section provides a general overview only, Avanco Shareholders are encouraged to seek their own personal advice on the taxation implications applicable to their circumstances.

9.14 No other material information

This Target's Statement is required to include all the information Avanco Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any of the Avanco Directors.

The Avanco Directors are of the opinion that the information that Avanco Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- (b) the information which has been previously disclosed by Avanco as a disclosing entity in accordance with its continuous disclosure and reporting obligations to ASX and ASIC;
- (c) the information contained in Avanco releases to ASX prior to the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Avanco Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). The Avanco Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Avanco Directors have had regard to:

- (a) the nature of the Avanco Shares;
- (b) the matters Avanco Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Avanco Shareholders; and
- (d) the time available to Avanco to prepare this Target's Statement.

10. CONSENTS

Each of the persons listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn their consent to the inclusion of the following information in this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that information in the form and context in which they appear:

- (a) each Director, to being named as a director;
- (b) Steinepreis Paganin, to being named in this Target's Statement as legal adviser to Avanco; and
- (c) Taylor Collison, to being named in this Target's Statement as corporate adviser to Avanco.

Each person named above as having given its consent to being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the ASX Listing Rules). Pursuant to this Class Order, the consent of persons to which such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication.

Pursuant to ASIC Corporations (Consents to Statements) Instrument 2016/72, the consent of persons to which such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

Any Avanco Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may obtain a copy free of charge by writing to the Avanco Company Secretary or by contacting the Company Secretary on +61 8 9324 1865 at any time between 8:30am and 5pm (WST) on Monday to Friday.

Copies of all announcements by Avanco may also be obtained from Avanco's website at **www.avancoresources.com**.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data sourced from Bloomberg without its consent.

11. APPROVAL OF THE TARGET'S STATEMENT

The copy of this Target's Statement that is to be lodged with ASIC has been approved by a resolution passed by the Directors.

This Target's Statement is dated 11 April 2018, which is the date on which it was lodged with ASIC.

Signed for and on behalf of Avanco.

Dated 11 April 2018



Mr Vernon Tidy
Interim Non-Executive Chairman

12. GLOSSARY AND INTERPRETATION

12.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise:

Acceptance Form means the Acceptance Form provided to you by OZ Minerals with its Bidder's Statement containing instructions on how to accept the Offer.

Announcement Date means 26 March 2018, being the day on which OZ Minerals and Avanco announced the Offer.

ASIC means the Australian Shares and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited or the market operated by it (as the context requires).

ASX Listing Rules means the official listing rules of ASX as amended, varied, modified or waived from time to time.

Avanco or **Company** means Avanco Resources Limited (ACN 126 379 646).

Avanco Board or **Board** means the board of directors of Avanco.

Avanco Director or **Director** means a director of Avanco.

Avanco Group means Avanco and its Related Bodies Corporate.

Avanco Optionholder or **Optionholder** means a person registered in the register of options of Avanco as a holder of one or more Avanco Options.

Avanco Options or **Options** means options to subscribe for Avanco Shares which are on issue at the Register Date.

Avanco Share or **Share** means a fully paid ordinary share in Avanco.

Avanco Shareholder or **Shareholder** means a person who is registered as the holder of an Avanco Share in the Avanco register of members.

Avanco Share Registry means Automic Registry Services.

Bid Implementation Deed means the bid implementation deed between Avanco and OZ Minerals dated 27 March 2018.

Bidder's Statement means the bidder's statement served on Avanco by OZ Minerals on 10 April 2018 in relation to the Offer.

BlackRock means BlackRock Investment Management (UK) Limited.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

Combined Entity means the OZ Minerals Group following the acquisition of Avanco.

Condition means the conditions of the Offer as provided in section 3 of Schedule 1 of the Bid Implementation Deed, and summarised in section 3.8 of

the Target's Statement and set out in full in section 13.8 of the Bidder's Statement.

Corporations Act means the *Corporations Act 2001* (Cth).

Ineligible Foreign Shareholder has the meaning in the Bidder's Statement.

Material Adverse Change has the meaning in section 3 in Schedule 1 of the Bid Implementation Deed.

Nominee has the meaning in the Bidder's Statement.

Offer means the takeover bid by OZ Minerals to acquire all of the Avanco Shares on the terms and conditions set out in the Bidder's Statement.

Offer Price means \$0.085 cash plus 0.009 OZ Mineral Shares per Avanco Share.

Offer Period means the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.

Options Offer means the offer by OZ Minerals to Optionholders in respect of Avanco Options on the terms set out in the Bid Implementation Deed as summarised in section 3.22 of this Target's Statement.

OZ Minerals or **Bidder** means OZ Minerals Limited (ACN 005 482 824) and/or its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd (ACN 625 407 141) as the context requires.

OZ Minerals Group means OZ Minerals and its Related Bodies Corporate.

Register Date means the date set by OZ Minerals under section 633(2) of the Corporations Act, being 9am (Melbourne time) on 9 April 2018.

Related Bodies Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Small Parcel and **Small Parcel Shareholder** have the meaning in the Bidder's Statement.

Superior Proposal has the meaning given to that term in the Bid Implementation Deed.

Target's Statement means this document, being the statement of Avanco under Part 6.5 of the Corporations Act in relation to the Offer.

Unconditional means that the Offer and any contracts resulting from acceptance of the Offer are no longer subject to fulfilment of the Conditions.

VWAP means volume weighted average price.

12.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise:

- (a) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act (as is appropriate to the context).

- (b) A gender includes all genders.
- (c) The singular includes the plural, and the converse also applies.
- (d) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (e) A reference to legislation or to a provision of legislation includes any modification or re-enactment of it, any legislative provision substituted for it and any regulations and statutory instruments issued under it.
- (f) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (g) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).
- (h) A reference to an agreement or document is to the agreement or document as amended, supplemented, novated or replaced.
- (i) Headings used in this Target's Statement are for ease of reference only and do not affect the meaning or interpretation of this Target's Statement.
- (j) A reference to a section or Annexure is to a section of, or annexure to, this Target's Statement unless otherwise specified.
- (k) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (l) \$, A\$ or AUD is a reference to the lawful currency of Australia.
- (m) US\$ or USD is a reference to the lawful currency of the United States of America.
- (n) A reference to time is a reference to Australian Western Standard Time.

CORPORATE DIRECTORY

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THE AUSTRALIAN COPPER COMPANY IN BRAZIL

