

Fax



To Company Announcements Office
Company Name Australian Stock Exchange Limited
Fax 1300 135 638
From Justin McConnachy, General Manager Legal, Australia
and Asia Pacific, Xstrata Copper
Date 17 April 2012
CC
No of Pages 68 including this page

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123 Eagle Street,
Brisbane QLD 4000
Australia
GPO Box 1433
Brisbane QLD 4001
Australia

Dear Sir/Madam

Please find **enclosed** a copy of a notice of initial substantial holder given by Xstrata Canada Corporation to Avanco Resources Limited.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Justin McConnachy', written over a printed name.

Justin McConnachy
General Manager, Legal
Xstrata Copper, Australia and Asia Pacific

Enc

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**

To Company Name/Scheme Avanco Resources Limited

ACN/ARSN 126 379 646

1. Details of substantial holder (1)

Name Xstrata Canada Corporation

ACN/ARSN (if applicable) Not applicable

The holder became a substantial holder on 16 / 04 / 2012

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary shares	140,000,000	140,000,000	16.82%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Xstrata Canada Corporation	Relevant interest in the securities pursuant to section 608(1)(a) of the Corporations Act pursuant to the Sale and Purchase Agreement attached as Annexure A ("SPA").	140,000,000 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Xstrata Canada Corporation	Xstrata Canada Corporation	Xstrata Canada Corporation	140,000,000 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-Cash	
Xstrata Canada Corporation	16 April 2012		100% of the shares in each of ARL South America Exploration Ltd and ARL Holdings Ltd pursuant to the SPA.	140,000,000 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable.	

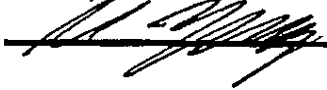
7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Xstrata Canada Corporation	Suite 6900 100 King Street West Toronto Ontario CANADA

Signature

print name Stephen Young, Secretary capacity Authorized signatory

sign here  date 16 Oct 2012

DIRECTIONS

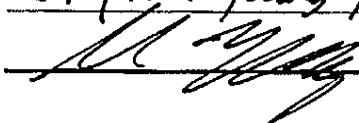
- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure "A" of 65 pages (including this page) referred to in the accompanying Form 603.

Signature

print name	Stephen Young, Secretary	capacity	Authorised signatory
sign here		date	16/04/2012

MALLESONS STEPHEN JAQUES

Sale and Purchase Agreement - Canaa Project

Dated *16 February* 2012

Xstrata Canada Corporation; and
Noranda Mining and Exploration Inc (each a "**Seller**");
Xstrata Brasil Exploração Mineral Ltda ("**Xstrata Brasil**"); and
Avanco Resources Ltd ("**Buyer**")

Mallesons Stephen Jaques

Level 30
Waterfront Place
1 Eagle Street
Brisbane Qld 4000
Australia
T +61 7 3244 8000
F +61 7 3244 8999
DX 311 Brisbane
www.mallesons.com

Sale and Purchase Agreement - Canaa Project

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Sale and Purchase Agreement - Canaa Project

Details

Parties	Seller, Xstrata Brasil and Buyer	
Seller	Name	Xstrata Canada Corporation
	Incorporated in	Canada
	Address	Suite 6900 100 King Street West Toronto Ontario M5X 1 E3 CANADA
	Telephone	+1 416 775 1556
	Fax	+1 416 775 1740
	Attention	Stephen Young
	and	
	Name	Noranda Mining and Exploration Inc.
	Incorporated in	Canada
	Address	Suite 6900 100 King Street West Toronto Ontario M5X 1 E3 CANADA
	Telephone	+1 416 775 1556
	Fax	+1 416 775 1740
	Attention	Stephen Young
Xstrata Brasil	Name	Xstrata Brasil Exploração Mineral Ltda
	Incorporated in	Brazil
	Address	Av. Afonso Pena, 2770-206-207, Funcionários, Belo Horizonte MG BRAZIL
	Telephone	+55 31 3519 9400
	Fax	+55 31 3519 9411
	Attention	Felisberto Castro

Buyer	Name	Avanco Resources Ltd
	ABN	85 126 379 646
	Incorporated in	Australia
	Address	Level 1, 33 Richardson Street WEST PERTH WA 6005 AUSTRALIA
	Telephone	+61 418 959 543 or +55 218 257 5656
	Fax	+61 8 9200 4469
	Attention	Tony Polglase

Recitals	A	Xstrata Canada is the registered holder and beneficial owner of the ARL South America Shares and Noranda is the registered holder and beneficial owner of the ARL Holdings Shares.
	B	Each Seller has agreed to sell, and the Buyer has agreed to buy, their Shares on the terms of this agreement.

Governing law	Queensland
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Date of agreement	See Signing page
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Sale and Purchase Agreement - Canaa Project

General terms

1 Definitions

These meanings apply unless the contrary intention appears:

Accounting Standards mean all accepted accounting principles which are generally applicable in the place of incorporation of that corporation.

Action means an action, dispute, Claim, demand, investigation, inquiry, prosecution, litigation, proceeding, arbitration, mediation or dispute resolution.

Agent means an agent, officer, contractor, employee, subcontractor, consultant, subconsultant or invitee.

Agroplanta Royalty means a 2% net smelter return royalty obligation of Xstrata Brasil in favour of Agroplanta Industrias Quimicas Ltda (or its nominee) in connection with DNPM 850.141/2001 and DNPM 850.526/2004.

Area of Interest means the area defined between eastings 546,000 metres to 638,000 metres and between northings 9,235,000 metres to 9,281,000 metres. The eastings and northings are referenced by projection universal transverse mercator zone 22 south and South American datum 1969.

Asset Holder means Vale Dourado Mineração Ltda or such other entity or entities which has an aggregate 100% ownership interest in the Assets or irrevocable powers of attorney in connection with any of the Mineral Rights at the time of Completion.

Assets means the Canaa Exploration Permits and all assets of the Asset Holder in connection with them.

ASX means ASX Limited ACN 008 624 691.

ARL Holdings Shares means 100 fully paid ordinary shares in ARL Holdings Ltd held by Noranda.

ARL South America Shares means 100 fully paid ordinary shares in ARL South America Exploration Ltd held by Xstrata Canada.

Authorised Officer means a director or a secretary of a party or any other person appointed by a party to act as an Authorised Officer for the purposes of this agreement.

Business Day means a day other than a Saturday, Sunday or public holiday in Brisbane, Perth or Brazil.

Canaa Exploration Permits means those permits indicated as being held by Xstrata Brasil or any of its Related Bodies Corporate in Annexure A.

Claim means any allegation, debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at Law, in equity, under statute or otherwise.

Commercial Production means the earlier of:

- (a) the first day of the first month of the consecutive three month period where the mill established to process ore from the Pedra Branca Project first operates at 60% of its rated capacity provided that ore from Pedra Branca Project is the sole source of ore to the mill; or
- (b) where the Asset Holder or a Related Body Corporate of the Buyer has entered into an arrangement for the processing of ore extracted from the Pedra Branca Project at a mill that is owned or operated by a third party, the date on which 5,000 tonnes of copper in concentrate from the Pedra Branca Project has been processed by that mill; or
- (c) where a mine on the Pedra Branca Project that is a source of ore to a mill has been in production for a period of 12 months.

Companies means ARL South America Exploration Ltd and ARL Holdings Ltd and **Company** has a corresponding meaning.

Completion means completion of the sale and purchase of the Shares in accordance with clause 5. **Complete** has a corresponding meaning.

Completion Date means the date that is five Business Days after the satisfaction of the Condition Precedent or any other date agreed by the Seller and the Buyer.

Condition Precedent has the meaning given in clause 4.

Condition Precedent Date means the date that is three months after the date of this agreement.

Confidential Information means all Information disclosed to the Receiving Party or any Related Body Corporate or Representative of the Receiving Party, under or in connection with this agreement and including:

- (a) information which, either orally or in writing, is designated or indicated as being the proprietary or confidential information of the Disclosing Party or any of its Related Bodies Corporate;
- (b) information derived or produced partly or wholly from the Information including any calculation, conclusion, summary or computer modelling,

whether the Information was disclosed:

- (c) orally, in writing or in electronic or machine readable form;
- (d) before, on or after the date of this agreement;
- (e) as a result of discussions between the parties concerning or arising out of the acquisition of the Shares or Assets; or

- (f) by the Disclosing Party or any of its Representatives, any of its Related Bodies Corporate, any Representatives of its Related Bodies Corporate or by any third person.

Confidentiality Agreement means the agreement by the same name entered into by Xstrata Brasil and the Buyer on 13 April 2011.

Consideration has the meaning given in clause 2.3.

Contract has the meaning given in clause 10.1(d).

Controller has the meaning it has in the Corporations Act.

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

Costs means costs, charges and expenses, including those incurred in connection with advisers.

Default Rate means:

- (a) in respect of the Pedra Branca Payment, a rate of interest equal to 4% plus the 90 day bank bill rate as published by the Commonwealth Bank of Australia in the financial press from time to time; and
- (b) in respect of the Xstrata Brasil Royalty, a rate of interest equal to 4% plus the rate of interest equivalent to a 90 day bank bill rate as published by a banking institution as authorised by the relevant prudential authority in Brazil and as reasonably selected by Xstrata Brasil, or if no such rate of interest or a reasonably equivalent rate of interest exists, such rate of interest as reasonably determined by Xstrata Brasil.

Details means the section of this agreement headed "Details".

Disclosing Party means the party disclosing Confidential Information.

Dispute includes any dispute, controversy, difference or Claim arising out of or in connection with this agreement or the subject matter of this agreement, including any question concerning its formation, validity, interpretation, performance, breach and termination.

DNPM means Departamento Nacional de Produção Mineral.

Due Diligence means the due diligence investigations undertaken by the Buyer into the Assets pursuant to clause 2.2 of the Exclusivity Agreement.

Early Works means works at the Pedra Branca Project as specified in Schedule 3.

Early Works Period has the meaning given in clause 3.1(a).

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, title retention or flawed deposit arrangement; or

- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow any of them to exist.

Encumber has a corresponding meaning.

Environment means all of the physical surroundings of humans including:

- (a) land, water, atmosphere, climate, sound, odour and taste; and
- (b) the biological factors of animals and plants; and
- (c) the social factor of aesthetics affecting any human individually or in their social groupings.

Environmental Law means any Law (including the Laws of tort, negligence and nuisance) concerning the Environment.

Exclusivity Agreement means the Exclusivity Agreement - Canaa Project entered into between Xstrata Brasil and the Buyer on 10 October 2011.

Exploration Activities means such exploration activities as authorised by the DNPM in relation to the Assets.

Financing Period has the meaning given in clause 11.1.

First Reply Notice has the meaning given in clause 10.1(a).

Government Agency means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Governmental Charges includes taxes, fees, levies, duties, tariffs, imposts, premiums and governmental impositions or charges of any kind in the nature of (or similar to) taxes payable to any federal, provincial, state, local or foreign taxing authority including:

- (a) income, capital, business, franchise, profits, gross receipts, ad valorem, goods and services, customs, net worth, value added, sales, use, service, real or personal property, special assessments, capital stock, licence, payroll, withholding, employment, social security, workers' compensation, employment or unemployment insurance or compensation, utility, production, excise, stamp, occupation, premiums, transfer and gains taxes; and
- (b) interest, penalties, additional taxes, and additions to tax imposed with respect thereto.

Information means all information regardless of its Material Form relating to or developed in connection with:

- (a) the business, technology or other affairs of the Disclosing Party or any Related Body Corporate of the Disclosing Party, or in the case of the Seller only, the Companies and the Asset Holder; or
- (b) any systems, technology, ideas, concepts, know-how, techniques, designs, specifications, blueprints, tracings, diagrams, models, functions, capabilities and designs (including computer software, manufacturing processes or other information embodied in drawings or specifications), intellectual property or any other information which is marked "confidential" or is otherwise indicated to be subject to an obligation of confidence owned or used by or licensed to the Disclosing Party or a Related Body Corporate of the Disclosing Party, or in the case of the Seller only, the Companies and the Asset Holder.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Intellectual Property Rights means all registered and unregistered rights in respect of copyright, designs, circuit layouts, trade marks, know-how, confidential information, patents, inventions, discoveries and domain names and all other intellectual property as defined in article 2 of the Convention establishing the World Intellectual Property Organisation 1967.

Law includes:

- (a) any law, regulation, authorisation, ruling, judgment, order or decree of any Government Agency; and
- (b) any statute, regulation, proclamation, ordinance or by-law in:
 - (i) Australia; or
 - (ii) any other jurisdiction.

Liability means any liability or obligation (whether actual, contingent or prospective), including for any Loss irrespective of when the acts, events or things giving rise to the liability occurred but excluding liability for any consequential or indirect losses, economic losses or loss of profits.

Loss means all damage, loss, cost and expense (including legal costs and expenses of whatsoever nature or description) but excluding any liability for consequential or indirect losses, economic losses or loss of profits.

Magyr Royalty means a 1% net smelter return royalty obligation of Xstrata Brasil in accordance with an option in favour of Magyr Mineracao Ltda (or its nominee) in connection with DNPM 851.284/2008 and DNPM 850.318/2000.

Material Form includes any form (whether visible or not) of storage from which reproductions can be made.

Material Terms means in respect of the sale of the Other Carajás Permits:

- (a) the details of the permit or permits to be sold;
- (b) the purchase price;
- (c) the deposit payable (which must not exceed ten percent (10%) of the purchase price);
- (d) the completion date; and
- (e) the proposed terms and conditions of the Contract.

Mineral Rights means the mineral rights attaching to the Canaa Exploration Permits.

Noranda means Noranda Mining and Exploration Inc.

Other Carajás Permits means the permits held by Xstrata Brasil or any of its Related Bodies Corporate in the Carajás region of Brazil at the date of this agreement, as specified in Annexure B.

Pedra Branca Payment means US\$10 million.

Pedra Branca Project means the deposit referenced by DNPM 850.318/2000.

Power of Attorney means a power of attorney "in proper rem" in the form of Schedule 4 executed by Xstrata Brasil under which the Buyer will be authorised to deal with the irrevocable application to transfer the Unassigned Mineral Rights to the Asset Holder.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Receiving Party means the recipient of Confidential Information.

Records means originals and copies, in any Material Form, of all books, files, reports, records, correspondence, documents and other material of or relating to or used in connection with the Companies and the Asset Holder that is in connection with the Assets and is under the Companies' or the Asset Holder's (as applicable) custody or control including:

- (a) minute books, statutory books and registers, books of account and copies of taxation returns;
- (b) all sales and purchasing records, contracts, designs and working papers;
- (c) all trading and financial records;
- (d) lists of all regular suppliers and customers; and
- (e) all core samples relating to the Mineral Rights.

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

Reply Notice has the meaning given in clause 10.1(b).

Representative of a party includes an employee, agent, officer, director, auditor, advisor, partner, consultant, joint venturer, contractor or sub-contractor of that party or of a Related Body Corporate of that party.

Seller means each or either of Xstrata Canada and Noranda as the context dictates.

Senior Representative Meeting has the meaning given in clause 20.2(a).

Shares means the ARL South America Shares and the ARL Holdings Shares.

Substantial Holding has the meaning given in the Corporations Act.

Tranche 1 Shares means 140,000,000 fully paid ordinary shares in the Buyer.

Tranche 2 Shares has the meaning given in clause 9.2.

Transaction means the sale and purchase of the Shares for the Consideration.

Unassigned Mineral Rights means those Mineral Rights in the Canaa Exploration Permits which have not been transferred, assigned or novated to the Asset Holder at the Completion Date in which the Asset Holder has irrevocable powers of attorney and to which Xstrata Brasil's obligations in clause 7.1(b) apply.

Xstrata Brasil Royalty means the royalty described in clause 9.7(a).

Xstrata Canada means Xstrata Canada Corporation.

Warranties means the warranties and representations in this agreement including clause 12 and schedule 2 and Warranty has a corresponding meaning.

3.5 Survival

Clauses 3.2, 3.3 and 3.4 survive the expiry or termination of this agreement.

4 Condition Precedent

4.1 Condition Precedent

Completion of the Transaction will be subject to and conditional on the shareholders of the Buyer approving the Transaction (“**Condition Precedent**”).

4.2 Reasonable endeavours

- (a) In relation to the Condition Precedent the Buyer must:
- (i) provide the Seller an opportunity to review and comment on any material in relation to the Transaction proposed to be sent to the Buyer’s shareholders and adopt any reasonable amendments suggested by the Seller;
 - (ii) procure that the material setting out the details of the Transaction are sent to the Buyer’s shareholders as soon as practicable after the Seller’s consideration of the material pursuant to clause 4.2(a)(i);
 - (iii) procure that the Transaction is considered by the Buyer’s shareholders as soon as practicable following details of the Transaction being sent to the Buyer’s shareholders pursuant to clause 4.2(a)(ii) (having regard to the requirements of the Corporations Act); and
 - (iv) promote the merits of the Transaction to the Buyer’s shareholders.
- (b) Avanco will keep the Seller informed of any circumstances which may result in the Condition Precedent not being satisfied in accordance with its terms.

4.3 Benefit of Condition Precedent

The Condition Precedent is for the benefit of the Buyer, and any non-fulfilment of the Condition Precedent may only be waived with the written consent of the Buyer in its absolute discretion.

4.4 Termination

If the Condition Precedent is not satisfied or waived by the Condition Precedent Date, then, where the Seller has complied with its obligations set out in clause 4.2, this agreement may be terminated at any time before Completion by notice given by the Seller to the Buyer.

5 Completion

5.1 Time and place of Completion

Completion will take place at 12.00 noon on the Completion Date at the offices of Mallesons Stephen Jaques at 1 Eagle Street, Brisbane, Queensland, or any other time and place agreed between the Seller and the Buyer.

5.2 Seller's obligations

At or prior to Completion, the Seller will:

- (a) **(ARL South America Shares transfers and share certificates)** provide to the Buyer transfers executed by Xstrata Canada in favour of the Buyer (or as it may direct) of the ARL South America Shares, the share certificates for the ARL South America Shares and any consents which the Buyer reasonably requires to obtain registration of those transfers;
- (b) **(ARL Holdings Shares transfers and share certificates)** provide to the Buyer transfers executed by Noranda in favour of the Buyer (or as it may direct) of the ARL Holdings Shares, the share certificates for the ARL Holdings Shares and any consents which the Buyer reasonably requires to obtain registration of those transfers;
- (c) **(Power of Attorney)** deliver to the Buyer the Power of Attorney in respect of the Unassigned Mineral Rights (if any);
- (d) **(transfer of Agroplanta Royalty)** deliver to the Buyer a copy of the agreement effecting the transfer of Xstrata Brasil's obligations in respect of the Agroplanta Royalty to the Asset Holder effective on the date of transfer of DNPM 850.141/2001 and DNPM 850.526/2004 and including a release of Xstrata Brasil from all obligations in respect of the Agroplanta Royalty on and from that date;
- (e) **(transfer of Magyr Royalty)** deliver to the Buyer a copy of the agreement effecting the transfer of Xstrata Brasil's obligations in respect of the Magyr Royalty to the Asset Holder effective on the date of transfer of DNPM 850.318/2000 and DNPM 851.284.2008 and including a release of Xstrata Brasil from all obligations in respect of the Magyr Royalty on and from that date;
- (f) **(Records and common seal)** deliver the Records (or make arrangements satisfactory to the Buyer and the Seller to deliver or make available such of the Records to the Buyer) except that if the Seller is legally required to retain any of the documents, the Seller may deliver copies of those documents to the Buyer;
- (g) **(resignations)** provide written resignations of the retiring directors and officers of the Companies;
- (h) **(directors resolution of the Companies)** provide a certified copy of a resolution of directors of both of the Companies resolving that:

- (i) subject to the payment of stamp duty, the transfer of the ARL South America Shares or the ARL Holdings Shares (as applicable) will be registered; and
 - (ii) each of the incoming directors be appointed to the board of directors of the Companies, and the resignation of the retiring directors from the board be accepted, all with effect from Completion, but so that a properly constituted board of directors is in existence at all times; and
- (i) **(release in favour of retiring directors and officers)** provide a release executed by the Companies in favour of each of the retiring directors and officers in the form set out in schedule 1.

5.3 Buyer's obligations

On or prior to Completion of the Transaction, the Buyer will:

- (a) **(Condition Precedent)** where reasonably requested by the Seller, establish to the reasonable satisfaction of the Seller that the Condition Precedent has been satisfied and deliver to the Buyer any relevant documents of proof;
- (b) **(consents to act)** deliver executed consents to act by the incoming directors and officers of the Companies;
- (c) **(issue)** issue the Tranche 1 Shares to the Seller;
- (d) **(register)** register the Seller as the holder of the Tranche 1 Shares; and
- (e) **(evidence of solvency)** provide evidence to the Seller that it is not Insolvent.

5.4 Simultaneous actions at Completion

In respect of Completion:

- (a) the obligations of the parties under this agreement are interdependent; and
- (b) unless otherwise stated, all actions required to be performed by a party at Completion are taken to have occurred simultaneously on the Completion Date.

5.5 Post-Completion notices

Each party will immediately give to the other party all payments, notices, correspondence, information or enquiries in relation to the Company which it receives after Completion and which belong to the other party.

6 Conduct of business pending Completion

6.1 Business in the ordinary course

Until Completion, the Seller will ensure that the Companies and Asset Holder will carry on their respective businesses in the ordinary course unless the Buyer otherwise agrees.

6.2 Land taxes

- (a) The parties acknowledge that the consideration provided by the Buyer under the Exclusivity Agreement is intended to be applied in respect of Brazilian (TAH) land taxes relating to the Canaa Exploration Permits.
- (b) Where Completion has not occurred by 30 June 2012 and any Brazilian (TAH) land taxes are payable by Xstrata Brasil in order to keep the Canaa Exploration Permits in good standing, the Buyer agrees to reimburse Xstrata Brasil at Completion for any Brazilian (TAH) land taxes payable from the date of this agreement until the date of Completion.

7 Unassigned Mineral Rights

7.1 Benefit of Unassigned Mineral Rights

- (a) The Buyer acknowledges that any or all of the Mineral Rights may not have been transferred or may not be in transferable form for transfer to the Asset Holder on or before Completion (“**Unassigned Mineral Rights**”).
- (b) Xstrata Brasil will:
 - (i) execute the Power of Attorney in respect of any Unassigned Mineral Rights; and
 - (ii) if any action is required in addition to the powers granted under the Power of Attorney, at the reasonable written request of the Buyer, provide the Buyer with reasonable assistance in progressing the transfer of the Unassigned Mineral Rights to the Asset Holder with the DNPM.
- (c) In respect of each of the Unassigned Mineral Rights, from the period from the Completion Date until the date on which that respective Unassigned Mineral Rights is assigned to the Asset Holder, Xstrata Brasil agrees that:
 - (i) it will not assign, Encumber or otherwise deal with its rights in the Unassigned Mineral Rights or allow any new interest in them in favour of any third party to arise or be varied in each case without the consent of the Buyer; and
 - (ii) the Buyer may access, maintain and develop the Assets in respect of that Unassigned Mineral Right at its Cost and in accordance with the Law and all orders and directions properly made or given under any relevant Law.

7.2 Buyer acknowledgements and obligations

- (a) The Buyer acknowledges and agrees that neither the Seller nor Xstrata Brasil is not obliged to take any action or perform any obligation (including making the expenditure of money) to maintain, preserve or develop any of the Canaa Exploration Permits to which the Unassigned Mineral Rights relate following Completion, except when requested by the DNPM or any other Government Agency, in which case, the requested works shall be at the Buyer's Cost. The Seller will inform the Buyer of such request or order prior to undertaking the requested works.
- (b) The Buyer acknowledges and agrees that the Seller and Xstrata Brasil make no assurances that DNPM approval will be granted to the further development of or to the transfer of all or any of the Unassigned Mineral Rights to the Asset Holder after Completion. The Buyer agrees that where Xstrata Brasil has complied with its obligations pursuant to clause 7.1(b), neither it nor the Seller is liable to the Buyer (or any person deriving title from the Buyer) for any Claim in connection with an inability to transfer the Unassigned Mineral Rights to the Asset Holder.
- (c) The Buyer indemnifies the Seller, Xstrata Brasil and their Agents for any Loss or Liability that any of the Seller, Xstrata Brasil or their Agents may incur that is caused or contributed to by the Buyer or its Agents in respect of any activity undertaken on or in respect of the Assets the subject of an Unassigned Mineral Right in accordance with clause 7.1(c)(ii).

8 Conduct of business after Completion

8.1 Use of intellectual property

Except as permitted by clause 8.2, the Buyer must not and must ensure that its Agents do not, after Completion:

- (a) use any name or trade mark which is substantially identical or deceptively similar to a name or trade mark owned by the Seller, Xstrata Brasil or any Related Bodies Corporate;
- (b) use any other Intellectual Property Rights owned by the Seller, Xstrata Brasil or any Related Bodies Corporate; or
- (c) commit any act or omit to do any act which would be an infringement of or otherwise inconsistent with any Intellectual Property Rights owned by the Seller, Xstrata Brasil or any Related Bodies Corporate.

8.2 Phase out of use of name and marks

The Buyer must:

- (a) subject to clause 8.2(b), as soon as practical and no later than 30 days after Completion, ensure that it does not use any name or trade mark owned by the Seller, Xstrata Brasil or any Related Bodies Corporate; and

- (b) no later than 60 days after Completion, ensure that no sign on, or related to any of, the premises used in connection with the Assets displays any name or trade mark owned by the Seller, Xstrata Brasil or any Related Bodies Corporate.

8.3 Exclusion of directors and officers from Liability

- (a) On and from Completion, the Buyer, to the maximum extent permitted by Law, will ensure that the Companies and the Asset Holder do not take any Action or proceeding or make any Claim or demand against any of the present or former directors or officers of the Companies or the Asset Holder in respect of or act or omission on the part of such director or officer before Completion, other than any matter arising from the wilful misconduct or dishonesty of that director or officer.
- (b) The Buyer acknowledges that this clause 8.3 is for the benefit of those directors and officers of the Companies and the Asset Holder, and is held on trust for them by the Seller.

9 Post-Completion obligations

9.1 Buyer's obligations after issue of Tranche 1 Shares

As soon as practicable, and in any event within 2 Business Days of the issue of the Tranche 1 Shares, the Buyer must:

- (a) **(quotation)** apply for and use its best endeavours to obtain Official Quotation of the Tranche 1 Shares by ASX;
- (b) **(holding statement)** arrange for the delivery to the Seller of the holding statement for its Tranche 1 Shares; and
- (c) **(re-sale notice)** provide ASX with a notice in relation to the Tranche 1 Shares in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act or otherwise ensure that there are no re-sale restrictions imposed on Tranche 1 Shares under the Corporations Act.

9.2 Tranche 2 Shares

- (a) The Tranche 2 Shares is that number of fully paid ordinary shares in the Buyer calculated according to the formula in clause 9.2(b).
- (b) **Tranche 2 Shares = ((A – Tranche 1 Shares) / B) - A**

Where:

A = the number of fully paid ordinary shares in the Buyer on issue on 1 May 2012; and

B = 85%.

9.3 Obligation to issue Tranche 2 Shares

Within 5 Business Days after 1 May 2012, the Buyer will:

- (a) provide evidence to the Seller that it is not Insolvent;
- (b) issue the Tranche 2 Shares to the Seller; and
- (c) register the Seller as the holder of the Tranche 2 Shares.

9.4 Buyer's obligations after issue of Tranche 2 Shares

As soon as practicable, and in any event within 2 Business Days of the issue of the Tranche 2 Shares, the Buyer must:

- (a) **(quotation)** apply for and use its best endeavours to obtain Official Quotation of the Tranche 2 Shares by ASX;
- (b) **(holding statement)** arrange for the delivery to the Seller the holding statement for its Tranche 2 Shares; and
- (c) **(re-sale notice)** provide ASX with a notice in relation to the Tranche 2 Shares in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act or otherwise ensure that there are no re-sale restrictions imposed on Tranche 2 Shares under the Corporations Act.

9.5 Seller's technical representative

The Seller agrees that for a period of three years following the Completion Date, the Seller will make available by telephone, in each case upon a reasonable written request of the Buyer, a geophysicist or geological technical representative for the purposes of participating in the Buyer's exploration steering committee in respect of the development and operation of the Assets.

9.6 Board representation of Buyer

- (a) For the period of two years from the Completion Date and for so long as during that period, the Seller retains an interest of at least 10% of the Buyer, the Buyer agrees that the Seller will be entitled to nominate a director (or any replacement director thereof) to the Buyer's board of directors.
- (b) Upon the Seller nominating a director or replacement director pursuant to clause 9.6(a), the Buyer will do all things necessary (including, without limitation and subject to the Corporations Act, making a positive recommendation to that effect to the shareholders of the Buyer) to facilitate the Seller's nominated director's appointment to the Buyer's board of directors, and subject to the fiduciary duties of the Buyer's directors, the reappointment from time to time.

9.7 Xstrata Brasil royalty entitlement

- (a) Following Completion, the Buyer agrees to procure that the Asset Holder (or its nominee) pays to Xstrata Brasil (or its nominee with an office in Brazil) a 1% net smelter return royalty in relation to the product from ore extracted by the Buyer, its Related Bodies Corporate or any successor in title from the licences within the Area of Interest ("**Xstrata Brasil Royalty**"), excluding those licences where, at the date of this

13.5 Seller and Xstrata Brasil not liable

The Seller and Xstrata Brasil is not liable to the Buyer (or any person deriving title from the Buyer) for any Claim under or in relation to or arising out of this agreement including a breach of a Warranty:

- (a) if the Buyer has failed to comply strictly with clause 13.1 or clause 13.2 as the case may be;
- (b) if the Claim is as a result of or in consequence of any voluntary act, omission, transaction or arrangement of or on behalf of the Buyer in respect of the Companies or the Asset Holder after Completion;
- (c) if the Claim is as a result of or in respect of any legislation not in force at the date of this agreement (including legislation which takes effect retrospectively);
- (d) to the extent that the Claim arises or is increased as a result only of an increase in the rates, method of calculation or scope of taxation after Completion;
- (e) to the extent that the Claim arises or is increased as a result of any change in Accounting Standards after Completion;
- (f) if the Claim arises or is increased as a result of action taken or not taken by the Seller or Xstrata Brasil after consultation with and the prior written approval of the Buyer; or
- (g) if the Buyer was aware on or before the date of this agreement of any fact, matter or circumstance, which gives rise to or forms the basis of the Claim.

13.6 Recovery

Where the Buyer is or may be entitled to recover from some other person any sum in respect of any matter or event which could give rise to a Claim, the Buyer will:

- (a) use its best efforts to recover that sum before making the Claim;
- (b) keep the Seller at all times fully and promptly informed of the conduct of such recovery; and
- (c) reduce the amount of the Claim by the amount of the amount recovered.

13.7 Time limit on Claim

The Buyer may not make any Claim under this agreement including for a breach of Warranty unless full details of the Claim have been notified to the Seller in accordance with clause 13.1 or clause 13.2 within 24 months from the Completion Date. A Claim will not be enforceable against the Seller or Xstrata Brasil and is to be taken for all purposes to have been withdrawn unless any legal proceedings in connection with the Claim are commenced within six months after written notice of the Claim is served on the Seller in accordance with clause 13.1 or clause 13.2.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(singular includes plural)** the singular includes the plural and vice versa;
- (e) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Government Agency;
- (f) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) **(two or more persons)** an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (j) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (k) **(meaning not limited)** the words “including”, “for example” or “such as” when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (l) **(time of day)** time is a reference to Brisbane time;
- (m) **(reference to anything)** anything (including any amount) is a reference to the whole and each part of it.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event under this agreement must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day;

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

1.6 Inconsistent agreements

If a provision of this agreement is inconsistent with a provision of the Exclusivity Agreement, the provision of this agreement prevails.

2 Sale and purchase of Shares

2.1 Sale and purchase

Xstrata Canada agrees to sell the ARL South America Shares and Noranda agrees to sell the ARL Holdings Shares to the Buyer and the Buyer agrees to buy the ARL South America Shares from Xstrata Canada and the ARL Holdings Shares from Noranda, on the terms and conditions of this agreement.

2.2 Free from Encumbrance

The Shares must be transferred free from any Encumbrance and with all rights, including dividend rights, attached or accruing to them on and from the date of this agreement.

2.3 Purchase Price

- (a) In consideration of the sale and purchase of the Shares in accordance with clause 2.1:
 - (i) the Buyer agrees to issue and allot, and the Seller agrees to procure that Xstrata Canada (or its nominee) agrees to subscribe for, the Tranche 1 Shares and the Tranche 2 Shares; and
 - (ii) the Buyer agrees to make the Pedra Branca Payment in accordance with clause 11.2 (together the “**Consideration**”).
- (b) The parties agree that the Tranche 1 Shares and the Tranche 2 Shares will represent a minimum expected equity interest in the Buyer of Xstrata Canada Corporation (or its nominee) of 15% as at 1 May 2012. For the avoidance of doubt, the parties agree that, as at 1 May 2012, Xstrata Canada Corporation (or its nominee) may hold an interest in the Buyer that exceeds 15% and Xstrata Canada’s (or its nominee’s) interest in the Buyer will not be capped in any way by this agreement.

2.4 More than one seller

- (a) (references to “**Seller**”) references to “**Seller**” means each of those persons;

- (b) **(liability)** the liability of each Seller under this agreement is joint and several; and
- (c) **(payments)** where any payment or consideration under this agreement is required to be made by the Buyer to the Seller, it will be paid to the entity nominated by the Seller, and if no direction is given by the Seller, to Xstrata Canada.

3 Early Works Licence

3.1 Grant

- (a) From the date of this agreement until Completion or termination of this agreement (the “**Early Works Period**”) and subject to clauses 3.2, 3.3 and 3.4, Xstrata Brasil permits the Buyer and its Agents to access the Assets for the sole purpose of carrying out the Early Works.
- (b) The Buyer agrees that it is responsible for gaining access to and from the Assets and is not entitled to make any Claim against Xstrata Brasil in connection with access, or failure to gain or delay in gaining access, to and from the Assets during the Early Works Period.
- (c) The Buyer agrees that it and its Agents will carry out the Early Works diligently in accordance with this agreement, all applicable Brazilian laws and standards, and in a professional, timely, safe and environmentally responsible manner.
- (d) Xstrata Brasil agrees, upon a reasonable written request by the Buyer and subject to any confidentiality or other applicable legal restrictions on Xstrata Brasil, to provide such information held by Xstrata Brasil in relation to the Assets as is reasonably necessary to the Buyer to undertake the Early Works.

3.2 Risk, indemnity and insurance

- (a) The Buyer agrees that it accesses the Assets and undertakes the Early Works during the Early Works Period at its sole risk.
- (b) To the full extent permitted by law, and without limiting the generality of anything contained in this agreement, the Buyer indemnifies and releases Xstrata Brasil and its Agents against all actions, claims, Costs and damages (whether in respect of damage to property or personal injury or death) that may be lawfully brought, made or claimed against Xstrata Brasil or its Agents by any person as a result of any act or omission (negligent or otherwise) of the Buyer or its Agents in connection with the Early Works.
- (c) The Buyer shall:
 - (i) take out and maintain, at its Cost, all insurances which are prudent to take out in connection with the conduct of the Early Works and having regard to its obligations under this clause 3, including public liability insurance and employee liability insurance, and ensure that each policy of insurance taken out:

- (A) covers events occurring during the policy's currency regardless of when claims are made; and
 - (B) otherwise be on terms, and for an amount reasonably satisfactory to Xstrata Brasil;
- (ii) when requested by Xstrata Brasil, provide details and evidence of the insurance coverage taken out pursuant to clause 3.2(c)(i); and
 - (iii) promptly notify Xstrata Brasil if an event occurs which gives rise or may give rise to an insurance claim under any insurance policy taken out pursuant to clause 3.2(c)(i).

3.3 Obligations on expiry or termination

- (a) Where this agreement expires or is terminated pursuant to clause 4.4 or clause 17.2, the Buyer will at its Cost (unless otherwise provided), if required by Xstrata Brasil:
 - (i) novate and do all things necessary to effect the novation to Xstrata Brasil or its nominee of all agreements in respect of the Early Works with the entity or entities engaged by the Buyer to undertake the Early Works;
 - (ii) bring to an end the performance of the Early Works in an orderly manner;
 - (iii) hand over all documents provided by Xstrata Brasil for the purposes of the Early Works;
 - (iv) hand over any other documents, whether created by the Buyer or its Agents or otherwise held by the Buyer or its Agents, in relation to the Early Works;
 - (v) make good any damage caused or contributed to by the Buyer or its Agents to the Assets in the implementation of the Early Works; and
 - (vi) if required by Xstrata Brasil, leave the Assets in a condition equivalent to its condition immediately prior to the Buyer being given access to the Assets pursuant to clause 3.1(a).
- (b) The Buyer agrees that where this agreement expires or is terminated pursuant to clause 4.4 or clause 17.2, it is not entitled to any payment or reimbursement by Xstrata Brasil or the Seller in respect of the Early Works performed to the date of expiry or termination.

3.4 Xstrata Brasil's rights

The Buyer agrees that where it does not comply with its obligations in accordance with clauses 3.3(a)(v) or 3.3(a)(vi) within a reasonable period of time, Xstrata Brasil may elect to repair such damage or make good the Assets, and the reasonable costs of doing so, as determined necessary by Xstrata Brasil in its absolute discretion, will be a debt due and payable on demand from the Buyer to Xstrata Brasil.

agreement, underlying royalty obligations to third parties already exist, including in respect of DNPM 850.141/2001, DNPM 850.526/2004, DNPM 851.284/2008 and DNPM 850.318/2000. The payment under this clause will be paid net of any withholding taxes applicable in Brazil.

- (b) The Buyer will procure that the Asset Holder pay the Xstrata Brasil Royalty to Xstrata Brasil (or its nominee with an office in Brazil), in immediately available funds, to a bank account nominated by Xstrata Brasil, quarterly in arrears from the commencement of production from the Area of Interest. Where the Xstrata Brasil Royalty is not paid on the due date, it will bear interest from the due date for payment until the amount is paid in full at the Default Rate and such interest accrues daily.
- (c) The Buyer will give, or will procure that the Asset Holder gives, Xstrata Brasil a report at the time of each payment of the Xstrata Brasil Royalty reporting on the quantity of ore extracted from the Area of Interest and the calculation of the amount of the Xstrata Brasil Royalty payable for that quarter. Where Xstrata Brasil reasonably considers that any aspect of the report is incorrect, the Buyer and Xstrata Brasil must meet to consider the accuracy and reasonableness of the report as soon as practicable after Xstrata Brasil notifies the Buyer or the Asset Holder that it considers that an aspect of the report, including that the calculation of the Xstrata Brasil Royalty is incorrect.
- (d) Notwithstanding the provisions of clause 20 of this agreement, where the Buyer and Xstrata Brasil are unable to resolve a Dispute raised in accordance with clause 9.7(c), either party may request the appointment of an independent expert reasonably agreed between the parties to determine the Dispute. The independent expert will act as expert and not as an arbitrator and his or her decision will, in the absence of manifest error, be final and binding on the parties. Where the parties cannot agree on the identity of the independent expert in accordance with this clause 9.7(d), the provisions of clause 20 will then apply to resolve that Dispute.
- (e) If the independent expert's determination under clause 9.7(d) results in the Buyer being required to procure that the Asset Holder pay a greater amount of Xstrata Brasil Royalty than it has paid to Xstrata Brasil in respect of the period to which the disputed Xstrata Brasil Royalty relates, the Buyer must procure that the Asset Holder pay that greater amount within seven days after the independent expert's determination plus interest at the Default Rate on the amount of additional Xstrata Brasil Royalty to the date of payment.
- (f) The Costs of the independent expert will be paid by the Buyer if clause 9.7(e) applies or by Xstrata Brasil if the independent expert agrees that no additional Xstrata Brasil Royalty payment is required to be made by the Asset Holder.

10 Buyer's first right of refusal

10.1 Buyer's first right of refusal - Other Carajás Permits

- (a) Where a director nominated by the Seller (or a replacement thereof) in accordance with the Seller's right under clause 9.6 (but not otherwise) is appointed to the Buyer's board of directors, for such time as that director (or a replacement thereof) is appointed to the Buyer's board of directors, if Xstrata Brasil proposes to sell any Other Carajás Permits to a third party that is not a Related Body Corporate of the Seller or Xstrata Brasil, Xstrata Brasil must give an irrevocable written notice to the Buyer stating the Material Terms upon which Xstrata Brasil proposes to sell the Other Carajás Permit, or which have been offered to Xstrata Brasil by a third party, and offer the Other Carajás Permit for sale to the Buyer on those Material Terms ("**First Right Notice**").
- (b) Within 20 Business Days after receipt of the First Right Notice from the Seller, the Buyer must give a written reply notice to Xstrata Brasil ("**Reply Notice**") stating whether it accepts or rejects the offer in the First Right Notice.
- (c) If the Buyer does not give the Reply Notice to Xstrata Brasil within 20 Business Days after receipt of the First Right Notice from Xstrata Brasil, the Buyer is deemed to have rejected the offer made by Xstrata Brasil in the First Right Notice.
- (d) If the Buyer gives Xstrata Brasil a Reply Notice stating that it accepts the offer of Xstrata Brasil, Xstrata Brasil must within 20 Business Days deliver to the Buyer, a contract of sale for the Other Carajás Permit on the Material Terms (the "**Contract**").
- (e) Within 15 Business Days after receipt of the Contract, the Buyer must execute the Contract and return it, together with the deposit payable under the Contract to Xstrata Brasil.
- (f) Xstrata Brasil must execute a counterpart of the Contract and each of Xstrata Brasil and the Buyer must, as soon as practicable, exchange the Contract.
- (g) Xstrata Brasil may not sell or offer to sell the Other Carajás Permits to a third party that is not a Related Body Corporate of the Seller or Xstrata Brasil on more favourable Material Terms than those offered to the Buyer in the First Right Notice without re-offering the Other Carajás Permits for sale to the Buyer on those more favourable Material Terms in accordance with this clause 10.1.
- (h) Nothing in this clause 10.1 shall:
 - (i) prevent Xstrata Brasil from offering or agreeing to sell the Other Carajás Permits to a third party that is not a Related Body Corporate of the Seller or Xstrata Brasil provided such offer or agreement is conditional upon the Buyer not accepting the offer contained in the First Right Notice; or

- (ii) prevent Xstrata Brasil from transferring, disposing of, Encumbering or otherwise dealing in any way with the Other Carajás Permits in the period prior to or after the Seller's nominated director (or any replacement thereof) is nominated to the Buyer's board of directors; or
 - (iii) oblige Xstrata Brasil to maintain or preserve its interest in the Other Carajás Permits or otherwise undertake any work or activity on the Other Carajás Permits.
- (i) The Buyer acknowledges and agrees that where the Buyer accepts the offer contained in the First Right Notice, it takes the relevant Other Carajás Permit the subject of the First Right Notice subject to all existing third party rights, arrangements and Encumbrances in place for that relevant Other Carajás Permit, including any dealings entered into by Xstrata Brasil in connection with its rights in clause 10.1(h)(ii).

11 Pedra Branca Project

11.1 Seller's first right of refusal

From the Completion Date until the Buyer obtains project financing for the construction of the Pedra Branca Project ("Financing Period"), the Buyer agrees to use reasonable endeavours to:

- (a) treat the Seller no less favourably than any other holder of a Substantial Holding in the Buyer in relation to any equity financing undertaken by the Buyer during the Financing Period; and
- (b) ensure the Seller is not precluded from participating in any equity financing undertaken by the Buyer during the Financing Period.

11.2 Pedra Branca Payment

- (a) Upon the Buyer commencing Commercial Production from the Pedra Branca Project, the Buyer must:
 - (i) give notice to the Seller of the commencement of Commercial Production; and
 - (ii) on the date that is six months after the date of commencement of Commercial Production, commence payment of the Pedra Branca Payment to the Seller (or its nominee) in accordance with clause 11.2(b).
- (b) From the date of commencement of the time for payment of the Pedra Branca pursuant to clause 11.2(a)(ii), the Buyer must pay to the Seller (or its nominee) the Pedra Branca Payment by way of 12 equal monthly payments on each monthly anniversary of the date of commencement of the time for payment pursuant to clause 11.2(a)(ii), to a bank account nominated by the Seller (or its nominee) from time to time. Where any portion of the Pedra Branca Payment is not paid on the due date, it will bear interest from the due date for payment until the unpaid amount and applicable interest is paid in full at the Default Rate and such interest accrues daily.

- (c) The Pedra Branca Payment will be paid net of any withholding taxes that would be applicable if the payment had been made in Brazil.

12 Seller's Warranties and representations

12.1 Accuracy

The Seller and Xstrata Brasil (where applicable) represent and warrant to the Buyer that each of their respective Warranties are correct and not misleading in any material respect on the date of this agreement and will be correct and not misleading in any material respect on the Completion Date as if made on and as at each of those dates.

12.2 Matters disclosed

Each Warranty is to be read down and qualified by any information:

- (a) fully, fairly and accurately disclosed in writing to the Buyer during the course of its due diligence; or
- (b) which is otherwise within the actual knowledge of the Buyer;
- (c) that would have been disclosed to the Buyer had the Buyer conducted searches in relation to the Assets prior to Completion of records open to public inspection in Brazil,

which is or may be inconsistent with that Warranty and, to the extent that any Warranty is incorrect or misleading having regard to any such information, that Warranty is deemed to have been qualified by that information. No amount will be recoverable by the Buyer in respect of any breach of Warranty to the extent that the breach would arise by reason of or in relation to any such information.

12.3 Buyer's acknowledgement

The Buyer acknowledges and agrees that in entering into this agreement and in proceeding to Completion:

- (a) the Buyer does not rely on any statement, representation, warranty, condition, forecast or other conduct which may have been made by or on behalf of the Seller or Xstrata Brasil, except the Warranties;
- (b) it has had the opportunity to conduct a due diligence and has satisfied itself in relation to matters arising from its due diligence;
- (c) irrespective of whether or not its due diligence was as full or exhaustive as the Buyer would have wished, it has nevertheless independently and without the benefit of any inducement, representations or warranty (other than the Warranties) from the Seller, Xstrata Brasil or their Agents determined to enter into this agreement;
- (d) the disclosures regarding the Companies and the Asset Holder are accepted by the Buyer and that neither the Seller, Xstrata Brasil, nor any of their Agents or advisers has made or makes any representation or warranty as to the accuracy or completeness of those disclosures or that information other than as outlined in the Warranties;

- (e) it accepts Xstrata Brasil's obligations on and from the Completion Date under each of the Agroplanta Royalty and the Magyr Royalty, as assigned to the Asset Holder, and agrees that Xstrata Brasil is released on and from the Completion Date from all obligations in respect of each of the Agroplanta Royalty and the Magyr Royalty on the terms of the agreements provided to the Buyer pursuant to clauses 5.2(d) and 5.2(e); and
- (f) neither the Seller, Xstrata Brasil, nor any of their Agents:
 - (i) accepts any duty of care in relation to the Buyer in respect of any disclosure or the provision of any information referred to in clause 12.3(d); or
 - (ii) is to be liable to the Buyer if, for whatever reason, any such information is or becomes inaccurate, incomplete or misleading in any particular way; and
- (g) subject to any Law to the contrary and except as provided in the Warranties, all terms, conditions, warranties and statements, whether express, implied, written, oral, collateral, statutory or otherwise, are excluded, and the Seller and Xstrata Brasil disclaim all Liability in relation to them, to the maximum extent permitted by Law.

12.4 Buyer's warranties

The Buyer represents and warrants to the Seller that each of the following statements is correct and not misleading in any material respect on the date of this agreement and will be correct and not misleading on and as at the Completion Date and, in respect of the Tranche 2 Shares, will be correct and not misleading as at the date the Buyer issues the Tranche 2 Shares to the Seller in accordance with clause 9.3, as if made on each of those dates:

- (a) the Tranche 1 Shares and the Tranche 2 Shares will, upon issue, be fully paid;
- (b) the Tranche 1 Shares and the Tranche 2 Shares will, upon issue, constitute at least 15% of the then issued or agreed to be issued share capital in the Buyer;
- (c) subject to the satisfaction of the condition precedent in clause 4.1(b), there will be no restrictions on the issue and registration of the Tranche 1 Shares and the Tranche 2 Shares and that the Buyer will have obtained all consents necessary to enable it to issue the Tranche 1 Shares and the Tranche 2 Shares to the Seller (or its nominee);
- (d) the issue of the Tranche 1 Shares and the Tranche 2 Shares will not breach any obligation or agreement binding on the Buyer or its members;
- (e) it has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so;
- (f) the entry into and performance of this agreement by it does not constitute a breach of any obligation (including any statutory,

contractual or fiduciary obligation), or default under any agreement or undertaking by which it is bound;

- (g) this agreement on its terms constitutes valid and binding obligations upon it enforceable in accordance with its terms by appropriate legal remedy;
- (h) this agreement and Completion under it do not conflict with or result in a breach of or default under any applicable Law, any provision of its constitution or any material term or provision of its constitution or any material term or provision of any agreement or deed or writ, order or injunction, judgment, Law, rule or regulation to which it is a party or is subject or by which it is bound;
- (i) no voluntary arrangement has been proposed or reached with any creditors of the Buyer; and
- (j) as at the date of execution of this agreement, it is not Insolvent.

12.5 Buyer's representation

The Buyer represents that, on the basis of the Due Diligence and other information of which it is aware at the date of this agreement, it does not have knowledge or belief of any matter which is, or would with the passage of time become, a material breach of any Warranty.

12.6 Indemnity

The Buyer indemnifies the Seller against any Liability or Loss that the Seller may incur to the extent caused by any breach of the acknowledgements in clause 12.4.

12.7 Survival

This clause 12 survives the expiry or termination of this agreement.

13 Limitations of Liability

13.1 Notice of Claims

If the Buyer becomes aware of any matter or circumstance that may give rise to a Claim under or in relation to or arising out of this agreement, including a breach of a Warranty given by the Seller or Xstrata Brasil:

- (a) the Buyer must immediately give notice of the Claim to the Seller; and
- (b) the notice must contain:
 - (i) the facts, matters or circumstances that may give rise to the Claim;
 - (ii) if it is alleged that the facts, matters or circumstances referred to in sub-clause (i) constitute a breach of this agreement, including a breach of a Warranty, the basis for that allegation; and

- (iii) an estimate of the amount of the Loss, if any, arising out of or resulting from the Claim or the facts, matters or circumstances that may give rise to the Claim.

13.2 Third party Claims

If the matter or circumstance that may give rise to a Claim against the Seller or Xstrata Brasil under or in relation to or arising out of this agreement, including a breach of a Warranty, is a result of or in connection with a Claim by or Liability to a third party then, in addition to the Buyer's obligations in clause 13.1:

- (a) at the expense and direction of the Seller, the Buyer must either:
 - (i) take such action (including legal proceedings or making claims under any insurance policies) as the Seller may require to avoid, dispute, resist, defend, appeal, compromise or mitigate the Claim; or
 - (ii) offer the Seller or Xstrata Brasil (as applicable) the option to assume defence of the Claim; and
- (b) the Buyer must not settle, make any admission of liability or compromise any Claim, or any matter which gives or may give rise to a Claim, without the prior consent of the Seller which consent may be withheld by the Seller at its absolute discretion.

13.3 Seller to consider Claims

The Seller must notify the Buyer within 30 Business Days of receipt of a notice of a Claim under clause 13.1 indicating whether it admits or denies the Claim (in whole or in part) (or, in the case of third party Claims, whether it or Xstrata Brasil exercises the option in clause 13.2(a)(ii)).

13.4 Seller or Xstrata Brasil to defend Claim

If the Seller or Xstrata Brasil exercises the option in clause 13.2(a)(ii), then:

- (a) the Buyer agrees to co-operate with the Seller or Xstrata Brasil (as applicable) and do all things reasonably requested by the Seller or Xstrata Brasil (as applicable) in respect of the Claim;
- (b) the Seller or Xstrata Brasil (as applicable) agrees, at their own expense, to defend the Claim;
- (c) the Seller or Xstrata Brasil (as applicable) may settle or compromise the Claim with the consent of the Buyer, such consent not to be unreasonably withheld; and
- (d) the Seller or Xstrata Brasil (as applicable) agrees to consult with the Buyer in relation to the conduct of the Claim and not take or persist in any course that might reasonably be regarded as harmful to the goodwill, reputation, affairs or operation of the Buyer, the Companies or the Asset Holder.

13.8 Minimum amount of Claim

The Buyer may not make any Claim under this agreement including for a breach of Warranty:

- (a) if the amount of the Claim is less than \$50,000; and
- (b) unless and until the aggregate amount of all Claims properly made under this agreement exceeds \$1 million,

in which event the Seller's and Xstrata Brasil's aggregated Liability will be limited to the amount by which such amount is exceeded.

13.9 Maximum Liability

The aggregated total liability of the Seller and Xstrata Brasil for Loss or damage of any kind not excluded by clause 13.10, however caused, in contract, tort, (including negligence), under any statute or otherwise from or relating in any way to this agreement or its subject matter is limited in aggregate for any and all Claims to \$5 million.

13.10 Exclusion of consequential Liability

The Seller and Xstrata Brasil exclude all Liability for indirect and consequential loss or damage (including for loss of profit (whether direct, indirect, anticipated or otherwise), loss of expected savings, opportunity costs, loss of business (including loss or reduction of goodwill), damage to reputation and loss or corruption of data regardless of whether any or all of these things are considered to be indirect or consequential losses or damage) in contract, tort (including negligence), under any statute or otherwise arising from or related in any way to this agreement or its subject matter.

13.11 Insured Claim or loss

The Seller and Xstrata Brasil will not be liable for any Claim under or in relation to or arising out of this agreement including a breach of a Warranty unless the Buyer has first caused the Companies to make a Claim under any insurance policy held by the Companies which may cover that Claim and that Claim has been denied in whole or in part by the relevant insurer. If the Buyer has still incurred some damage or Loss, that remaining amount will be the amount of the Buyer's Loss for the purposes of this agreement.

13.12 Act or omission after Completion

The liability of the Seller and Xstrata Brasil to the Buyer for Loss or damage of any kind in contract, tort (including negligence), under any statute or in relation to or arising out of this agreement including a breach of a Warranty will be reduced to the extent that the Claim arises as a result of or in connection with any act or omission after Completion by the Buyer, the Companies or the Asset Holder.

13.13 Later recoveries

If, after the Seller or and Xstrata Brasil has made a payment to the Buyer pursuant to a Claim under or in relation to or arising out of this agreement, including a breach of a Warranty, the Buyer, the Companies or the Asset Holder

receives a payment or benefit in relation to the fact, matter or circumstance to which the Claim related, then the Buyer must repay to the Seller or Xstrata Brasil (as applicable) the amount received from the Seller or Xstrata Brasil (as applicable) or, if less, the amount of the payment or benefit which was received by the Buyer, the Companies or the Asset Holder (as the case may be).

13.14 Obligation to mitigate

Nothing in this clause 13 in any way restricts or limits the general obligation at Law of the Buyer to mitigate any Loss or damage which it may incur in consequence of any breach by the Seller or Xstrata Brasil of the terms of this agreement including a breach of a Warranty.

13.15 Tax benefit

In calculating the Liability of the Seller or Xstrata Brasil for a Claim arising under, in relation to or arising out of this agreement, including a breach of any Warranty, any tax benefit or reduction received by the Buyer as a result of the loss or damage arising from that breach must be taken into account.

14 Confidential Information and announcements

14.1 Confidential Information

Without prejudice to any provision of the Confidentiality Agreement and subject to clauses 14.5 and 14.7, no Confidential Information may be disclosed by the Receiving Party to any person except:

- (a) to Representatives of the Receiving Party or its Related Bodies Corporate requiring the information for the purposes of this agreement;
- (b) with the consent of the Disclosing Party;
- (c) if the Receiving Party is required to do so by Law, a stock exchange or any regulatory authority (except that this paragraph does not permit the Receiving Party to disclose any information under section 275(4) of the PPSA unless section 275(7) of the PPSA applies); or
- (d) if the Receiving Party is required to do so in connection with legal proceedings relating to this agreement.

14.2 Disclosure of Confidential Information

If the Receiving Party discloses information under clause 14.1(a) or 14.1(b) the Receiving Party must use its reasonable endeavours to ensure that recipients of the Confidential Information do not disclose the Confidential Information except in the circumstances permitted in clause 14.1.

14.3 Use of Confidential Information

The Buyer must not use any Confidential Information except for the purpose of performing its obligations under this agreement.

14.4 Delivery of materials

Where Completion does not occur, the Receiving Party must, on the request of the Disclosing Party, immediately deliver to the Disclosing Party or otherwise destroy all documents or other materials containing or referring to Confidential Information of the Disclosing Party which are:

- (a) in the Receiving Party's possession, power or control; or
- (b) in the possession, power or control of persons who have received Confidential Information under clause 14.1(a) or 14.1(b).

14.5 Disclosure to other potential buyers

The Buyer acknowledges that the Seller or Xstrata Brasil has disclosed to other potential buyers of the Shares or the Assets and to other third parties, information which may be of a confidential nature and that clause 14.1 does not apply to any such disclosure.

14.6 Public announcements

Subject to clause 14.7, no party may, before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this agreement unless it has first obtained the written consent of the other parties which consent is not to be unreasonably withheld or delayed.

14.7 Public announcements required by Law

Clauses 14.1 and 14.6 do not apply to a public announcement, communication or circular required by Law or a regulation of a stock exchange, if the party required to make or send it has:

- (a) provided the other party with sufficient notice to enable it to seek a protective order or other remedy; and
- (b) provided all assistance and co-operation that the other party considers necessary to prevent or minimise that disclosure.

14.8 Survival of termination

This clause 14 will survive termination of this agreement.

15 Access to Records after Completion

15.1 Maintenance of Records

After the Completion Date:

- (a) the Buyer must retain the Records delivered to it on Completion; and
- (b) the Seller must retain the books, records and other documents relating to the Assets required to be kept or maintained by Xstrata Brasil,

for seven years from the date of the creation of the relevant document.

15.2 Access

Every party must permit the other parties to have access to those books, records and documents (excluding tax returns of the Seller, Xstrata Brasil and the Buyer) during business hours as the other party reasonably requires upon the receipt of reasonable written request for access.

15.3 Assistance

The Buyer must provide access and assistance (including copies of relevant documents) reasonably requested by the Seller and Xstrata Brasil including access to complete tax returns upon the receipt of reasonable written request for access.

16 Security Interests

- (a) If any party to this agreement (acting reasonably) determines that this agreement is or contains a security interest for the purposes of the PPSA, the parties to this agreement acknowledge and agree that:
- (i) the secured party will be responsible for registering any financing statement in respect of a security interest but will consult with the grantor in relation to any such financing statement as contemplated by clauses 16(a)(ii) and 16(a)(iii);
 - (ii) the secured party will provide to the grantor 15 Business Days prior to registration a draft financing statement in relation to that security interest;
 - (iii) the secured party and the grantor shall consult with each other for a period of ten Business Days prior to registration to agree the financing statement;
 - (iv) notwithstanding this clause, the grantor will not be liable to the secured party for any failure by the secured party to register the financing statement or for any error or omission in the financing statement; and
 - (v) the financing statement description of the collateral must only refer to the specific collateral subject to a security interest under this agreement. The description must not use the collateral classes “all present and after-acquired property” or “all present and after-acquired property, except”. If the description uses the collateral class “other goods” or any other collateral class for which a free text box is available in the register, then that free text box must specifically identify the relevant collateral, and must make no reference to any assets, or use any general description that may cover any assets other than the relevant collateral.
- (b) Everything the grantor is required to do under this clause 16 is at the secured party’s expense.
- (c) To the extent permitted by section 275 of the PPSA, the parties to this agreement agree to keep all information of the kind mentioned in section

275(1) of the PPSA confidential and to not disclose that information to any person requesting it in accordance with the PPSA.

- (d) The parties to this agreement agree that the following provisions of the PPSA are excluded to the extent that they apply to the collateral and to the extent that they may be excluded by law for the purposes of section 115(1) of the PPSA:
- (i) section 95 (secured party must give notice of removal of accession);
 - (ii) section 118 (enforcing security interests in accordance with land law decisions);
 - (iii) section 121(4) (enforcement of security interests in liquid assets – notice to grantor);
 - (iv) section 125 (obligation to dispose of or retain collateral);
 - (v) section 130 (notice of disposal), to the extent that it requires the secured party to give a notice to the grantor);
 - (vi) section 132(3)(d) (contents of statement of account after disposal);
 - (vii) section 132(4) (statement of account if no disposal);
 - (viii) section 135 (notice of retention of collateral);
 - (ix) section 142 (entitled persons may redeem collateral); and
 - (x) section 143 (entitled persons may reinstate security agreement).
- (e) Notwithstanding anything in this agreement, no party need give any notice under the PPSA (including notice of a Verification Statement) unless the notice is required by the PPSA and cannot be excluded.
- (f) In this clause 16, the following terms have the meanings given to them in the PPSA: “grantor”, “secured party”, “financing statement”, “security interest”, “collateral”, “verification statement”.

17 Default and termination

17.1 Failure by a party to Complete

If a party does not Complete, other than as a result of default by the other party or due to a failure to satisfy the Condition Precedent to which clause 4.4 applies, the non-defaulting party may give the defaulting party notice requiring it to Complete within 10 Business Days of receipt of the notice.

17.2 Specific performance or termination

If the defaulting party does not Complete within the period specified in clause 17.1 the non-defaulting party may choose either to proceed for specific

performance or terminate this agreement. In either case, the non-defaulting party may seek damages for the default.

17.3 Termination of agreement

If this agreement is terminated then clause 17.4 will apply with the necessary changes. A termination of this agreement under this clause will not affect any other rights the parties have against one another at Law or in equity.

17.4 Effect of termination

If this agreement is terminated under clause 4.4 or clause 17.2 then, in addition to any other rights, powers or remedies provided by Law:

- (a) each party is released from its obligations under this agreement other than in relation to clauses 14 and 19.1;
- (b) each party retains the rights it has against any other party in connection with any breach or Claim that has arisen before termination; and
- (c) the Buyer must return to the Seller all documents and other materials in any medium in its possession, power or control which contain any information relating to the Companies, the Asset Holder, the Shares and the Assets, including the Records.

18 No Assignment

No party may assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case without the consent of the other party, which consent must not be unreasonably withheld or delayed.

19 Costs and stamp duty

19.1 Legal costs

The Seller, Xstrata Brasil and the Buyer agree to pay their own legal and other costs and expenses in connection with the negotiation, preparation, execution and completion of this agreement and other related documentation, except for stamp duty.

19.2 Stamp duty

The Buyer agrees to:

- (a) pay all stamp duty (including fines and penalties) chargeable, payable or assessed in relation to this agreement and the transfer of the Shares to the Buyer; and
- (b) indemnify on demand the Seller and Xstrata Brasil against any liability for that stamp duty (including fines and penalties).

20 Dispute resolution

20.1 Good faith negotiations

If a Dispute between the parties arises out of, relates to or is in connection with any aspect of this agreement, then:

- (a) the party affected by the Dispute must notify the other parties in writing of the nature and extent of the Dispute;
- (b) all of the parties undertake in good faith to use their best endeavours to settle the Dispute expeditiously by negotiation; and
- (c) each party must comply with the processes set out in clause 20.2 and clause 20.3 before commencing court or other proceedings except where that party is seeking urgent interlocutory relief or if any party has unreasonably failed to comply with its obligations under this clause 20.

20.2 Senior Representative Meeting

- (a) If the Dispute is not resolved within 30 Business Days of party advising the other parties of a Dispute under this agreement, any party may convene, and the other parties must attend, a without prejudice meeting of the senior representatives (or authorised delegates) of each party ("**Senior Representative Meeting**") with the objective of settling the Dispute.
- (b) The party requesting a Senior Representative Meeting must give not less than 15 Business Days' written notice to the other parties of the time and place for the Senior Representative Meeting.
- (c) Each party must procure that its senior representative (or authorised delegate) attends the Senior Representative Meeting and has authority to negotiate and settle the issues in Dispute. Each senior representative (or authorised delegate) must negotiate in good faith and use its best endeavours to settle the Dispute.
- (d) The Senior Representative Meeting must take place within two months of the service of the notice under clause 20.2(b).

20.3 Mediation

If the Senior Representative Meeting fails to resolve a Dispute within 30 days of the initial Senior Representative Meeting or a Senior Representative Meeting has not taken place within the time required under clause 20.2, then prior to any party referring the Dispute to a court for resolution, the Dispute must be submitted to mediation in accordance with the rules of The Institute of Arbitrators & Mediators Australia. The mediation is to be conducted in Brisbane.

20.4 Appointment of mediator

The parties will agree on the appointment of mediator. If the parties do not agree on the mediator to be appointed within 10 Business Days of either party referring the Dispute to mediation, then the mediator is to be appointed by The Institute of

Arbitrators & Mediators Australia in accordance with rules of The Institute of Arbitrators & Mediators Australia.

20.5 Termination of mediation

Unless a resolution to the Dispute that was submitted to mediation is achieved prior, the mediation process will terminate within 30 Business Days of the appointment of the mediator, upon which either party will be entitled to commence court proceedings in relation to the Dispute.

20.6 Injunctive or interim relief

Nothing in this clause prevents a party seeking urgent injunctive or similar interim relief from a court.

20.7 Continuing performance

Despite the existence of any Dispute or the taking of any steps by the parties to comply with this clause 20, the parties must continue to perform their respective obligations under this agreement in a timely manner (including those pre-existing obligations the subject of the Dispute to the extent possible).

21 Notices

21.1 Form

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be in writing, signed by the sender (if an individual) or an Authorised Officer, or the solicitor, of the sender and marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

21.2 Delivery

They must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed postal address or changed fax number, then the communication must be to that address or number.

21.3 When effective

They take effect from the time they are received unless a later time is specified.

21.4 Receipt - post

If sent by post, they are taken to be received 3 days after posting (or 7 days after posting if sent to or from a place outside Australia).

21.5 Receipt - fax

If sent by fax, they are taken to be received at the time shown in the transmission report as the time that the whole fax was sent.

21.6 Receipt - general

Despite clauses 21.4 and 21.5, if they are received after 5.00pm in the place of receipt or on a non-Business Day, they are to be taken to be received at 9.00am on the next Business Day.

22 General

22.1 Counterparts

This agreement may be executed in counterparts. The date on which the last counterpart is executed will be the date of the agreement.

22.2 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

22.3 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

22.4 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

22.5 Failure to exercise rights

Except as otherwise set out in this agreement, any partial exercise, failure to exercise, or delay in exercising, a right or remedy provided under this agreement or by law does not operate as a waiver or prevent or restrict any further or other exercise of that or any other right or remedy in accordance with this agreement.

22.6 No liability for loss

Except as otherwise set out in this agreement, a party is not liable for Loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy that is available to it under this agreement.

22.7 Remedies cumulative

The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

22.8 Rights and obligations are unaffected

Rights given to the parties under this agreement and the parties' liabilities under it are not affected by anything which might otherwise affect them by law.

22.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

22.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this agreement.

22.11 Governing law

This agreement is governed by the law in force in Queensland.

EXECUTED as an agreement

Sale and Purchase Agreement - Canaa Project

Schedule 1 - Form of directors release

Parties	Company and Officer	
Company	Name	ARL South America Exploration Ltd
	Incorporated in	Bermuda
	Address	Canon's Court, 22 Victoria Street Hamilton HM12 Bermuda
	Telephone	+1 441 295 2244
	Fax	+1 441 292 8666
	Attention	Appleby Services (Bermuda) Ltd./Company Secretary
	or	
	Name	ARL Holdings Ltd
	Incorporated in	Bermuda
	Address	Canon's Court, 22 Victoria Street Hamilton HM12 Bermuda
	Telephone	+1 441 295 2244
	Fax	+1 441 292 8666
	Attention	Appleby Services (Bermuda) Ltd./Company Secretary
	Officer	Name
	Address	[insert]
Recitals	A	The Officer is a director of [ARL South America Exploration Ltd]/[ARL Holdings Ltd] (the " Company ").
	B	The Officer will be resigning as a director of the Company on completion of the sale of the Company from Xstrata Canada Corporation and Noranda Mining and Exploration Inc to Avanco Resources Limited (" Completion ").
	C	The Company agrees to release the Officer to the maximum extent permitted by law on the terms set out in this deed.
Date of deed	See Signing page	

1 Interpretation

These meanings apply unless the contrary intention appears:

Action means an action, dispute, Claim, demand, investigation, inquiry, prosecution, litigation, proceeding, arbitration, mediation or dispute resolution.

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise and which either party has or may have against the other in connection with the cessation of the Officer's employment with the Company.

2 Release of Officer

To the maximum extent permitted by law, the Company agrees:

- (a) to unconditionally release the Officer from all rights and Claims relating to his employment or his engagement by the Company; and
- (b) not to issue any proceedings in respect of all rights and Claims relating to their employment or their engagement by the Company.

The Officer may plead this deed in bar to any Claim or proceedings by the Company or any person claiming on their behalf in respect of Claims or any matter related thereto other than a Claim in relation to a breach of this deed by the Officer.

3 Indemnity

To the maximum extent permitted by law the Company will indemnify the Officer against all Claims which the Company or any shareholder of the Company has or may have at any time against the Company in respect of his employment with the Company and any conduct of the Officer involving or relating in any way whatsoever to other shareholders of the Company as at Completion.

4 Severability

If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

5 Entire agreement

This deed constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

6 General

6.1 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

6.2 Remedies cumulative

The rights and remedies provided in this deed are in addition to other rights and remedies given by law independently of this deed.

6.3 Rights and obligations are unaffected

Rights given to the parties under this deed and the parties' liabilities under it are not affected by anything which might otherwise affect them by law.

6.4 Variation and waiver

A provision of this deed or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

6.5 Costs

Each party will pay its reasonable legal costs and expenses in connection with the preparation, execution and completion of this deed.

6.6 Supervening legislation

Any present or future legislation which operates to vary the obligations of a party in connection with this deed with the result that another party's rights, powers or remedies are adversely affected (including, by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

6.7 Counterparts

This deed may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

7 Governing law

7.1 Governing law

This deed is governed by the law in force in Queensland. Each party submits to the non-exclusive jurisdiction of the courts of that place.

7.2 Jurisdiction

Each party submits to the non-exclusive jurisdiction of the courts of Queensland and courts of appeal from them. Each party waives any right it has to object to an Action being brought in those courts including, without limitation, by claiming that the Action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

7.3 Serving documents

Without preventing any other method of service, any document in an Action may be served on a party by being delivered or left at that party's address in the Details.

EXECUTED as a deed.

DATED: _____

Company

SIGNED by)
)
as authorised representative for [ARL)
SOUTH AMERICA)
EXPLORATION LTD]/[ARL)
HOLDINGS LTD] in the presence of:)

.....)
Signature of witness)
.....)
Name of witness (block letters))

.....
By executing this deed the signatory warrants that the signatory is duly authorised to execute this deed on behalf of [ARL SOUTH AMERICA EXPLORATION LTD]/[ARL HOLDINGS LTD]

Officer

SIGNED, SEALED AND)
DELIVERED by)
)
the presence of:)

.....)
Signature of witness)
.....)
Name of witness (block letters))

.....
Signature of _____

Sale and Purchase Agreement - Canaa Project

Schedule 2 - Seller's Warranties

The Seller hereby jointly and severally represents and warrants to the Buyer as follows, and confirms that the Buyer is relying upon the accuracy of these representations and warranties in connection with the purchase of the Shares and the completion of the transactions contemplated hereby:

1 Organisation

- (a) Each of the Seller, the Companies and the Asset Holder has been duly incorporated or formed under the Laws of its jurisdiction of incorporation or formation, is validly existing and has all necessary corporate or legal power, authority and capacity to own its property and assets and to carry on its business as currently owned and conducted.
- (b) The register of shareholders, statutory books and other registers of the Companies and the Asset Holder are up to date and have been properly kept in accordance with all relevant legal requirements. No notice or allegation that any of them is incorrect or should be rectified has been received, and all transfers recorded in the register have been properly recorded.
- (c) All returns, resolutions and other documents which the Companies and the Asset Holder are required by law to file with or deliver to the relevant governmental authorities have been correctly completed and duly filed or delivered.
- (d) Neither of the Companies nor the Asset Holder has any material information in its possession or control that is related to the Pedra Branca Project, the Assets or the Mineral Rights that has not been made available to Avanco or publicly disclosed.

2 Authority and binding obligation

- (a) Each Seller has all necessary corporate power and authority to enter into this agreement and to sell the ARL Holdings Shares or the ARL South America Shares (as applicable) in the manner contemplated herein and to perform all of its obligations under this agreement. Each Seller and its respective board of directors have taken all necessary or desirable actions to approve or authorise, validly and effectively, the entering into of, and the execution, delivery and performance of its obligations under this agreement and the sale and transfer of the ARL Holdings Shares or the ARL South America Shares (as applicable) to the Buyer.
- (b) This agreement has been duly executed and delivered by each Seller and constitutes a legal, valid and binding obligation of each Seller, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium

and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.

3 Share capital

- (a) Noranda is the registered and beneficial owner of the ARL Holdings Shares. The ARL Holdings Shares held by Noranda represent 100% of the issued and outstanding shares in ARL Holdings Ltd and are held by Noranda free and clear of any and all Encumbrances. Noranda has the exclusive right to dispose of the ARL Holdings Shares held by it.
- (b) Xstrata Canada is the registered and beneficial owner of the ARL South America Shares. The ARL South America Shares held by Xstrata Canada represent 100% of the issued and outstanding shares in ARL South America Exploration Ltd and are held by Xstrata Canada free and clear of any and all Encumbrances. Xstrata Canada has the exclusive right to dispose of the ARL South America Shares held by it.
- (c) The authorized and issued capital of the Asset Holder is R\$400.00 divided into 400 quotas of R\$1.00 each. ARL South America Exploration Ltd is the registered owner of 399 quotas and ARL Holdings Ltd is the registered owner of 1 quota in the capital of the Asset Holder.
- (d) No person, other than the Buyer under this agreement, has any agreement or option or any right capable of becoming an agreement or option for, directly or indirectly:
 - (i) the purchase of the Shares or the shares in the Asset Holder; or
 - (ii) the purchase, subscription or issuance of any unissued securities of the Companies or the Asset Holder, including any convertible securities, warrants or convertible obligations of any nature.

4 No violation

The authorisation, execution and delivery by Seller of this agreement and the performance by the Seller of its obligations hereunder will not result in a violation, conflict or breach of, or constitute a default under:

- (a) any term or provision of any of the memorandum and articles of association of the Seller;
- (b) the terms of any indenture, agreement (whether written or oral), instrument or understanding or any other obligation or restriction to which the Seller, the Companies or the Asset Holder is a party or by which any of them is bound or allow the termination or re-negotiation of any such indenture, agreement (whether written or oral), instrument or understanding; or
- (c) any Laws.

5 No other agreements

Other than in respect of the Agrolanta Royalty and the Magyr Royalty, none of the Seller, the Companies or the Asset Holder is party to, bound or affected by or subject to any agreement, instrument, charter or by-law provision or Law that would be violated, contravened or breached by entering into or performing its obligations under this agreement. No person has any agreement, option, understanding or commitment, or any right or privilege (whether pre-emptive, contractual or by law) capable of becoming an agreement, option or commitment, for the purchase or other acquisition of any of the Shares or of any interest in the Assets.

6 Contractual or Regulatory Approval

There is no obligation, contractual or otherwise, to request or obtain the consent of any person or any Government Agency by the Seller, the Companies or the Asset Holder in connection with the execution, delivery or performance by the Seller of this agreement in respect of the Pedra Branca Project

7 No broker

The Seller has carried on all negotiation relating to this agreement and the transactions contemplated hereby directly and without the intervention on their behalf of any other person in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment.

8 Subsidiaries

The Asset Holder is the only subsidiary of the Companies. The Companies do not own, or have any interest in any shares or have an ownership interest in, any other person, and there are no outstanding rights held by any other person to acquire any shares of the Companies or the Asset Holder.

9 Mineral Rights

- (a) The Asset Holder is the beneficial owner of a 100% interest in the Mineral Rights and holds an irrevocable power of attorney in respect of the Mineral Rights. Other than the Agrolanta Royalty and the Magyr Royalty, there is no contract, option or any other right of another person binding upon, or which at any time in the future may become binding upon, the Seller, the Companies or the Asset Holder to transfer or grant or create an Encumbrance upon, or which may create an Encumbrance upon, all or any of the Mineral Rights.
- (b) All Exploration Activities carried out on the areas covered by the Mineral Rights have been carried out in accordance with good mining and mineral exploration practices as in effect at the time such activities were carried out, and to the best of Xstrata Brasil's knowledge, no third party or Government Agency has initiated in writing or threatened any proceedings for actions taken or not taken on, or in connection with, past or present activities of the Companies or the Asset Holder on the area covered by the Mineral Rights and all permits, licences, authorities,

registrations and approvals necessary for undertaking the Exploration Activities have been applied for and granted.

- (c) All applications for mineral exploration rights and related rights that are comprised in the Mineral Rights have been properly prepared and filed and are in good standing under the laws of Brazil. Upon the transfer of the legal title to each of the Mineral Rights to the Asset Holder, it will validly possess all mineral rights, licences and permits that are necessary to enable it to engage in the Exploration Activities within the areas covered by the Mineral Rights.
- (d) To the knowledge of the Seller there is no proposal to revoke, suspend or modify any authorization under any Environmental Laws relating specifically to the Mineral Rights.
- (e) Xstrata Brasil has complied with and paid all amounts due and owing at the date of this agreement under the Magyr Royalty and the Agroplanta Royalty.

10 Corporate records

The constitutions or articles of association of the Companies and the Asset Holder have been delivered or made available to the Buyer and such memorandum and articles of association as so amended are in full force and effect and no amendments are proposed to be made to the same. The records for the Companies will be delivered or made available to the Buyer at Completion.

11 Records

The records of the Companies or the Asset Holder fairly and correctly reflect in all material respects all material financial transactions of the Companies and the Asset Holder in conformity with accounting patterns usually accepted in Bermuda (in respect of the Companies) and in Brazil (in respect of the Asset Holder) have not had any material records or information removed from them and do not contain or reflect any material inaccuracies or discrepancies.

12 Dividends

Neither of the Companies nor the Asset Holder have declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorised capital or issued capital, or agreed to do any of the foregoing.

13 Liabilities

To their best of the knowledge of the Seller and Xstrata Brasil there are no material liabilities (contingent or otherwise) of the Companies or the Asset Holder of any kind whatsoever and there is no basis for assertion against the Companies or the Asset Holder of any material liabilities of any kind.

14 Environmental matters

- (a) To the knowledge of the Seller with respect to the Mineral Rights:
- (i) Xstrata Brasil and the Asset Holder are and have been in material compliance with all applicable Environmental Laws;
 - (ii) Xstrata Brasil and the Asset Holder have not caused or permitted the release of any hazardous substances at, in, on, under or from the area covered by the Mineral Rights;
 - (iii) all hazardous substances handled, recycled, disposed of, treated or stored on or off site of the Mineral Rights have been handled, recycled, disposed of, treated and stored in compliance in all material respects with all applicable Environmental Laws;
 - (iv) there are no hazardous substances at, in, on, under or migrating from the Mineral Rights, except in compliance in all material respects with all applicable Environmental Laws;
 - (v) Xstrata Brasil and the Asset Holder have not caused or permitted the release of any hazardous substances on the areas covered by the Mineral Rights in such a manner as:
 - (A) would be reasonably likely to impose material Environmental Liabilities for remediation, natural resource damages, loss of life, personal injury, nuisance or damage to other property; or
 - (B) would be reasonably likely to result in imposition of an Encumbrance on any of the Mineral Rights or the assets of the Companies or the Asset Holder that would have a material adverse effect on the condition of the Mineral Rights;
 - (C) neither the Companies nor the Asset Holder have contractually assumed any material Environmental Liabilities or obligations of another person under or relating to Environmental Laws that in any case would reasonably be expected to have a material adverse effect on the condition of the Mineral Rights; and
- (b) none of the Seller, the Companies, the Asset Holder or Xstrata Brasil have received inquiry from or notice of a pending investigation from any Governmental Agency or of any administrative or judicial proceeding concerning the violation of any Environmental Law or any Environmental Liabilities with respect to the Mineral Rights.

15 Litigation

There are no claims, investigations, inquiries, complaints, grievances or proceedings, including appeals and applications for review, that are outstanding or, to the Seller's knowledge, pending or threatened against or relating to the Companies or the Asset Holder before any Government Agency and the Seller has no knowledge of any existing ground on which any such action, suit,

litigation or proceeding might be commenced with any reasonable likelihood of success.

16 Third Party Rights

To the Seller's knowledge, there are no claims, actions or rights of third parties and no contractual, environmental or legal restrictions that prevent or could prevent the Seller from executing, delivering and performing its obligations hereunder.

17 Tax matters

- (a) As at the date of this agreement, the Seller, the Companies or the Asset Holder have paid or properly accrued for all Governmental Charges which are due and payable by them on or before this date, including, without limitation, any Governmental Charges in respect of the Assets.
- (b) To the best of the knowledge of the Seller, there are no proceedings, investigations, audits or claims now pending or threatened against the Seller, the Companies or the Asset Holder in respect of any Governmental Charges, and there are no matters under discussion, audit or appeal with any Governmental Agency relating to Governmental Charges.

18 No Insolvency

None of the Seller, the Companies, the Asset Holder or Xstrata Brasil is Insolvent.

19 Employees

Neither the Companies nor the Asset Holder have any employees.

20 Non-Arm's length transactions

No director or officer, former director or officer, shareholder or employee or any other person not dealing at arm's length with the Companies or the Asset Holder has any contracts, business dealings, supplier relationships, indebtedness, liability or obligation to, with or from the Companies or the Asset Holder, and the Companies and/or the Asset Holder are not indebted or otherwise obligated to any such persons.

21 Restrictive covenants

Neither the Companies or the Asset Holder is a party to or bound or affected by any contract or document containing any covenant expressly limiting the freedom of the Companies or the Asset Holder to compete in any line of business, acquire goods or services from any supplier, sell goods or services to any person or transfer or move any of its assets or operations, or which materially or adversely affects their business practices, operations or financial

condition or the continued operation of its business after the execution of this agreement as presently carried on.

22 Unlawful payments

To the best of the Seller's knowledge, no payments or inducements were made or given, directly or indirectly, to any officials (foreign or domestic) by the Seller, the Companies or the Asset Holder, or by any of their respective officers, directors, employees or agents, or any associates of any of the foregoing, in connection with any opportunity, agreement, licence, permit, certificate, consent, order, approval, waiver or other authorisation related to the business of the Companies or the Asset Holder or the Assets, except for such payments or inducements that were lawful under the laws, rules and regulations of the country in which they were made. To the Seller's knowledge, neither the Seller nor the Companies or the Asset Holder used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, or made any other unlawful payment.

23 Full Disclosure

All information contained in this agreement and all information made available to the Buyer and its advisors prior to or during the preparation and negotiation of this agreement with respect of the Pedra Branca Project is complete and correct in all material respects and not misleading in any material respect, and the Seller is not aware of any material fact or circumstance relating to the Pedra Branca Project that has not been made available to the Buyer (or is not otherwise publicly available information) of which the Buyer would reasonably expect to be advised by a seller under circumstances similar to those relating to the transaction contemplated therein for the Pedra Branca Project.

Sale and Purchase Agreement - Canaa Project

Schedule 3 - Early Works (clause 3)

The following constitute the Early Works to be undertaken in connection with the Assets pursuant to clause 3:

- (a) geological mapping or topographical surveying;
- (b) surface geochemical sampling;
- (c) surface or aerial geophysical surveying; and
- (d) drilling for the purposes of exploration, resources definition or metallurgical sampling.

Sale and Purchase Agreement - Canaa Project

Schedule 4 - Power of Attorney

By this private instrument, **XSTRATA BRASIL EXPLORAÇÃO MINERAL LTDA.**, a limited liability company, with its head office at Avenida Afonso Pena, No. 2.770, Suites 206 and 207, in the City of Belo Horizonte, State of Minas Gerais, registered with CNPJ/MF under No. 02.865.250/0001-10, herein represented by its manager, Mr. Felisberto Pereira de Castro Junior, a Brazilian citizen, married, geologist, bearer of identity card No. 7.675-D, issued by CREA-DF, and registered with CPF/MF under No. 351.151.571-87, resident and domiciled at Rua Doutor Lucidio Avelar, No. 83, apt. 304, Bairro Buritis, CEP 30493-165, in the City of Belo Horizonte, State of Minas Gerais ("**Grantor**"), hereby appoints and constitutes **VALE DOURADO MINERAÇÃO LTDA.**, a limited liability company, with its head office at Avenida Presidente Wilson, No. 210, 4th floor, Suite 409 (part), CEP 20030-021, in the City and State of Rio de Janeiro, registered with CNPJ/MF under No. 14.732.559/0001-10 ("**Grantee**"), as its attorney-in-fact, empowering it to represent the Grantor with the National Department of Mineral Production– DNPM, Ministry of Mines and Energy, State Environmental Secretariat and IBAMA in the context of DNPM Files Nos. 850.015/2008, 850.567/2003, 850.568/2003, 850.572/2003, 850.044/2005, 850.570/2003, 850.824/2006, 850.825/2006, 850.278/2005, 850.226/2009, 850.707/2009, 850.571/2003, 850.569/2003, 850.141/2001, 850.217/2000, 850.318/2000, 850.448/2005, 850.526/2004, 850.575/2005, 850.829/2006, 850.218/2000, 850.146/1995, 850.173/2002, 850.181/2001, 850.215/1998, 850,300/1993, 851.284/2008 and 851,067/2007 ("**Mineral Rights**"), with powers to (i) comply with any legal requirement or execute any instrument necessary for the assignment of the Mineral Rights to the Grantee, (ii) take any and all steps required to protect the Mineral Rights, being entitled, among others, to have access to, Grantor's password of the Registration of Mineral Rights' Titleholders (CTDM); (iii) request any and all approvals and prior consents from federal, state and municipal bodies, including, but not limited to the DNPM, that may be necessary to complete the transfer of the Mineral Rights to the Grantee, and; (iv) perform any and all acts and execute any further documents necessary for the fulfillment of the object of this power of attorney.

This instrument is granted "in proper rem", under the terms of Article 685 of the Brazilian Civil Code, and shall remain valid and in full force until the assignment of the Mineral Rights is effective and approved by DNPM.

Belo Horizonte, [insert date]



XSTRATA BRASIL EXPLORAÇÃO MINERAL LTDA.

By: Felisberto Pereira de Castro Junior

Title: Manager

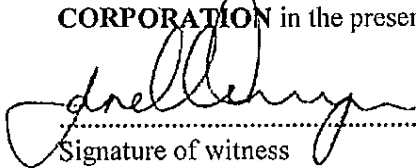
Sale and Purchase Agreement - Canaa Project

Signing page

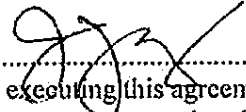
DATED: 17 February 2012

Seller

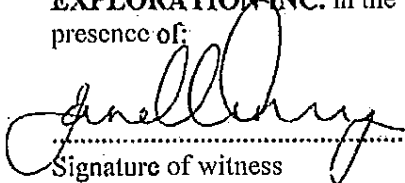
SIGNED by)
JUSTIN JOHN MCCONNACHY)
as authorised representative for)
XSTRATA CANADA)
CORPORATION in the presence of:)


Signature of witness)

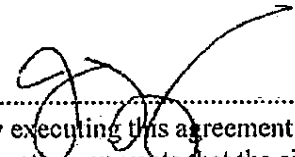
JANELLE RENEE TRYON)
Name of witness (block letters))


By executing this agreement the signatory warrants that the signatory is duly authorised to execute this agreement on behalf of XSTRATA CANADA CORPORATION

SIGNED by)
JUSTIN JOHN MCCONNACHY)
as authorised representative for)
NORANDA MINING AND)
EXPLORATION INC. in the)
presence of:)


Signature of witness)

JANELLE RENEE TRYON)
Name of witness (block letters))


By executing this agreement the signatory warrants that the signatory is duly authorised to execute this agreement on behalf of NORANDA MINING AND EXPLORATION INC.

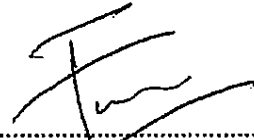
Xstrata Brasil

SIGNED by Felisberto Pereira de Castro Jr.)

as authorised representative for)
BRASIL EXPLORAÇÃO)
MINERAL LTDA. in the presence of:)

Hosana Rangel Esteves)
Signature of witness)

HOSANA RANGEL ESTEVES)
Name of witness (block letters))



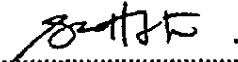
.....
By executing this agreement the signatory warrants that the signatory is duly authorised to execute this agreement on behalf of **BRASIL EXPLORAÇÃO MINERAL LTDA.**

Buyer

EXECUTED by **AVANCO**)
RESOURCES LTD in accordance)
with section 127(1) of the Corporations)
Act 2001 (Cwlth) by authority of its)
directors:)

Anthony Polglase)
Signature of director)

ANTHONY POLGLASE)
Name of director (block letters))



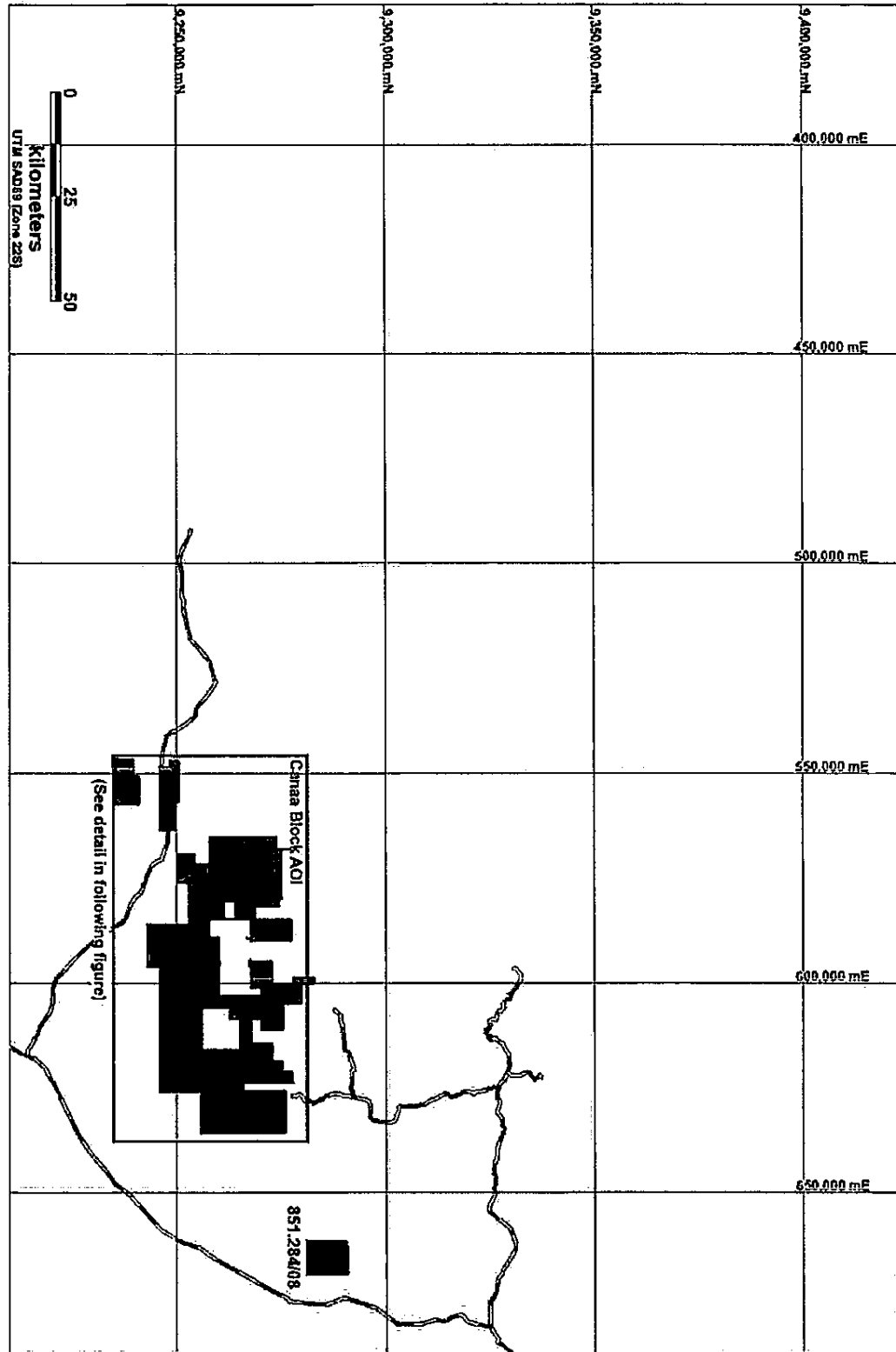
.....
Signature of director/company secretary*
*delete whichever is not applicable

ANTHONY POLGLASE

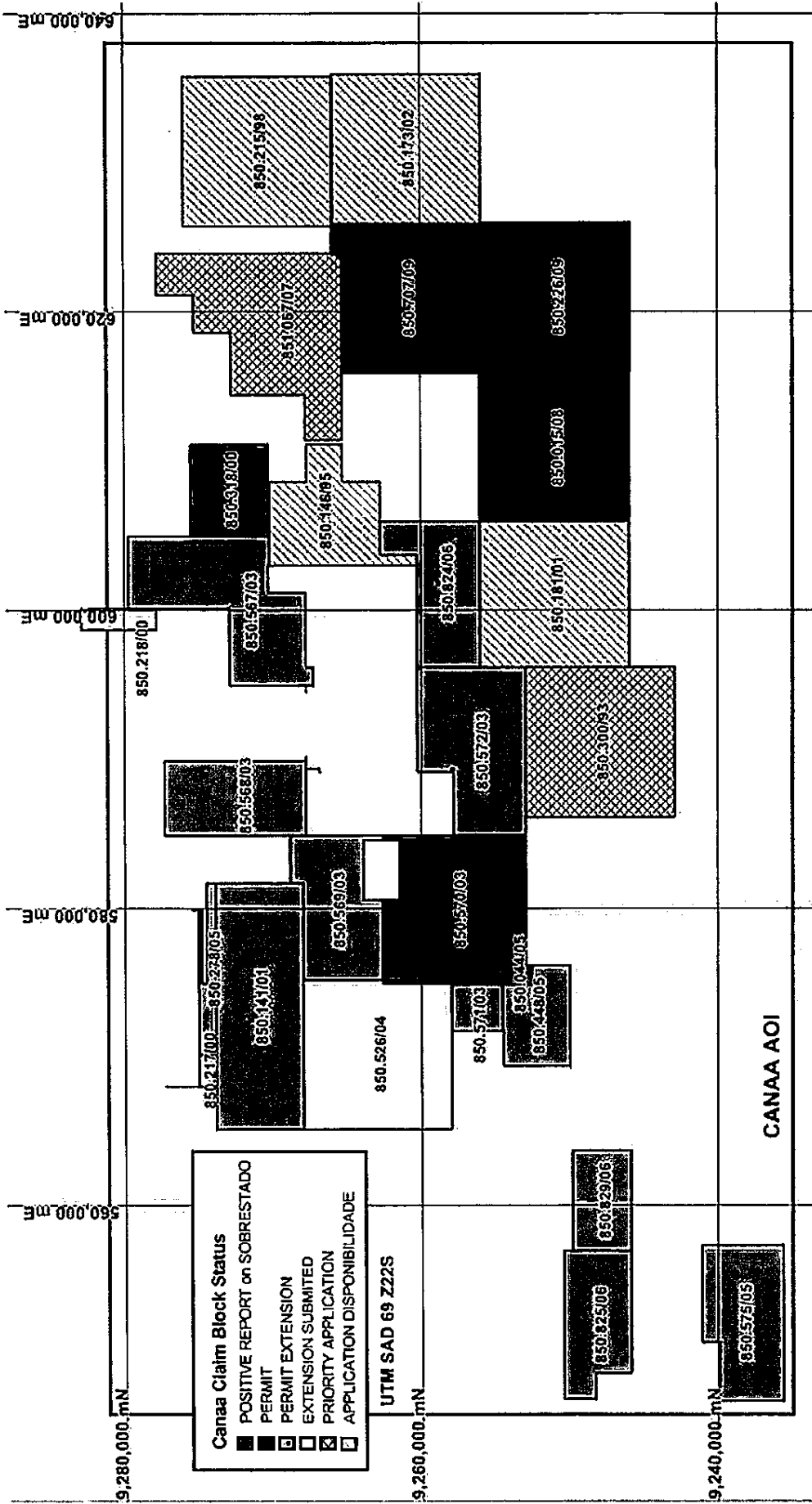
.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

Sale and Purchase Agreement - Canaa Project

Annexure A - Canaa Exploration Permits as at 25 January 2012



Canaa Exploration Permits including additional new Claim 851.284/2008

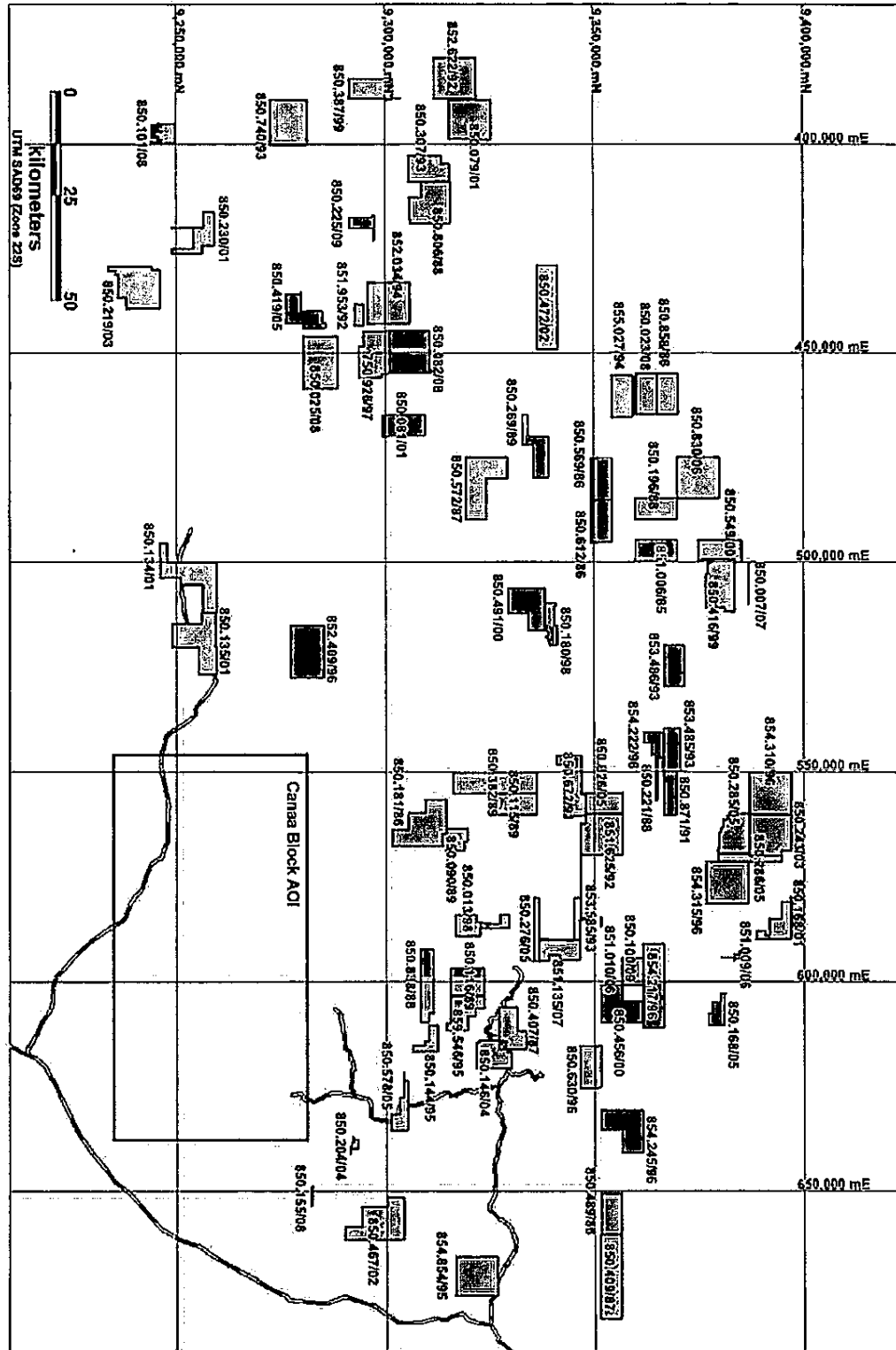


Canaa Block Claims List

	Ident DNPM	Status	Fase	# Alvara
1	850.015/08	PERMIT	Autorização de Pesquisa	2748
2	850.044/05	PERMIT	Autorização de Pesquisa	10683
3	850.141/01	PERMIT EXTENSION	Autorização de Pesquisa	4839
4	850.146/95	APPLICATION DISPONIBILIDADE	Disponibilidade	
5	850.173/02	APPLICATION DISPONIBILIDADE	Disponibilidade	
6	850.181/01	APPLICATION DISPONIBILIDADE	Disponibilidade	
7	850.215/98	APPLICATION DISPONIBILIDADE	Disponibilidade	
8	850.217/00	EXTENSION SUBMITTED	Autorização de Pesquisa	8649
9	850.218/00	EXTENSION SUBMITTED	Autorização de Pesquisa	8650
10	850.226/09	PERMIT	Autorização de Pesquisa	5949
11	850.278/05	PERMIT EXTENSION	Autorização de Pesquisa	7555
12	850.300/93	PRIORITY APPLICATION	Disponibilidade	
13	850.318/00	POSITIVE REPORT on SOBRESTADO	Autorização de Pesquisa	7163
14	850.448/05	PERMIT EXTENSION	Autorização de Pesquisa	4518
15	850.526/04	EXTENSION SUBMITTED	Autorização de Pesquisa	7357
16	850.567/03	PERMIT EXTENSION	Autorização de Pesquisa	794
17	850.568/03	PERMIT EXTENSION	Autorização de Pesquisa	2986
18	850.569/03	PERMIT EXTENSION	Autorização de Pesquisa	7565
19	850.570/03	PERMIT	Autorização de Pesquisa	10682
20	850.571/03	PERMIT EXTENSION	Autorização de Pesquisa	4512
21	850.572/03	PERMIT EXTENSION	Autorização de Pesquisa	795
22	850.575/05	PERMIT EXTENSION	Autorização de Pesquisa	4520
23	850.707/09	PERMIT	Autorização de Pesquisa	16338
24	850.824/06	PERMIT EXTENSION	Autorização de Pesquisa	11172
25	850.825/06	PERMIT EXTENSION	Autorização de Pesquisa	11173
26	850.829/06	PERMIT EXTENSION	Autorização de Pesquisa	5862
27	851.067/06	PRIORITY APPLICATION	Disponibilidade	
28	851.284.08	PERMIT	Autorização de Pesquisa	11095

Sale and Purchase Agreement - Canaa Project

Annexure B - Other Carajás Permits as at 25 January 2012



DNPM #	# Alvara	Status	Fase
850.023/08	2749	PERMIT	Autorização de Pesquisa
850.025/08	2750	PERMIT	Autorização de Pesquisa
850.082/08	2753	PERMIT	Autorização de Pesquisa
850.100/09	11371	PERMIT	Autorização de Pesquisa
850.101/08	10695	PERMIT	Autorização de Pesquisa
850.155/08	15342	PERMIT	Autorização de Pesquisa
850.204/04	10094	PERMIT	Autorização de Pesquisa
850.225/09	5948	PERMIT	Autorização de Pesquisa
850.276/05	9293	PERMIT	Autorização de Pesquisa
850.826/05	15337	PERMIT	Autorização de Pesquisa
851.010/06	7546	PERMIT	Autorização de Pesquisa
851.135/07	5286	PERMIT	Autorização de Pesquisa
850.221/88	3179	EXTENSION SUBMITTED	Autorização de Pesquisa
850.467/02	4511	EXTENSION SUBMITTED	Autorização de Pesquisa
850.578/05	4521	EXTENSION SUBMITTED	Autorização de Pesquisa
850.630/96	11302	EXTENSION SUBMITTED	Autorização de Pesquisa
850.014/04	5960	PERMIT EXTENSION	Autorização de Pesquisa
850.079/01	3919	PERMIT EXTENSION	Autorização de Pesquisa
850.146/04	3725	PERMIT EXTENSION	Autorização de Pesquisa
850.285/05	7556	PERMIT EXTENSION	Autorização de Pesquisa
850.286/05	1469	PERMIT EXTENSION	Autorização de Pesquisa
850.387/99	8468	PERMIT EXTENSION	Autorização de Pesquisa
850.740/93	1935	PERMIT EXTENSION	Autorização de Pesquisa
850.830/06	2224	PERMIT EXTENSION	Autorização de Pesquisa
851.953/92	1161	PERMIT EXTENSION	Autorização de Pesquisa
852.622/92	3079	PERMIT EXTENSION	Autorização de Pesquisa
853.585/93	11438	PERMIT EXTENSION	Autorização de Pesquisa
854.222/96	1327	PERMIT EXTENSION	Autorização de Pesquisa
854.245/96	10081	PERMIT EXTENSION	Autorização de Pesquisa
855.027/94	11299	PERMIT EXTENSION	Autorização de Pesquisa
850.013/98	0	PRIORITY APPLICATION	Disponibilidade
850.090/89	0	PRIORITY APPLICATION	Disponibilidade
850.168/05	0	PRIORITY APPLICATION	Requerimento de Pesquisa
850.180/98	0	PRIORITY APPLICATION	Disponibilidade
850.409/87	0	PRIORITY APPLICATION	Disponibilidade
850.416/99	0	PRIORITY APPLICATION	Disponibilidade
850.489/86	0	PRIORITY APPLICATION	Disponibilidade
850.549/00	0	PRIORITY APPLICATION	Disponibilidade
850.612/86	0	PRIORITY APPLICATION	Disponibilidade
852.409/96	0	PRIORITY APPLICATION	Disponibilidade
854.854/95	0	PRIORITY APPLICATION	Disponibilidade
856.387/96	0	PRIORITY APPLICATION	Disponibilidade

DNPM #	# Alvara	Status	Fase
850.007/07		0 APPLICATION	Requerimento de Pesquisa
850.081/01		0 APPLICATION	Requerimento de Pesquisa
850.472/02		0 APPLICATION	Requerimento de Pesquisa
850.491/00		0 APPLICATION	Requerimento de Pesquisa
851.009/06		0 APPLICATION	Requerimento de Pesquisa
750.926/97		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.115/89		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.116/89		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.134/01		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.135/01		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.144/95		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.168/01		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.181/86		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.196/88		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.219/03		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.230/01		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.243/03		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.269/89		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.307/93		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.382/89		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.407/87		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.419/05		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.456/00		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.569/86		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.572/87		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.672/91		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.806/88		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.838/88		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.858/86		0 APPLICATION DISPONIBILIDADE	Disponibilidade
850.871/91		0 APPLICATION DISPONIBILIDADE	Disponibilidade
851.006/85		0 APPLICATION DISPONIBILIDADE	Disponibilidade
851.625/92		0 APPLICATION DISPONIBILIDADE	Disponibilidade
852.034/94		0 APPLICATION DISPONIBILIDADE	Disponibilidade
853.485/93		0 APPLICATION DISPONIBILIDADE	Disponibilidade
853.486/93		0 APPLICATION DISPONIBILIDADE	Disponibilidade
854.217/96		0 APPLICATION DISPONIBILIDADE	Disponibilidade
854.310/96		0 APPLICATION DISPONIBILIDADE	Disponibilidade
854.315/96		0 APPLICATION DISPONIBILIDADE	Disponibilidade
859.546/95		0 APPLICATION DISPONIBILIDADE	Disponibilidade