

A modern mining company



11 April 2018

The Manager, Companies  
Australian Securities Exchange  
Companies Announcement Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**Takeover bid by OZ Minerals Limited for Avanco Resources Limited — commencement of dispatch bidder's statements**

OZ Minerals Limited has today commenced sending its bidder's statements (**Bidder's Statement**) to offerees in relation to its off market takeover bid (through its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd) for all the ordinary shares in Avanco Resources Limited.

A copy of the Bidder's Statement is attached to this letter.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line that tapers to the right.

**Michelle Pole**

Company Secretary and Senior Legal Counsel



**This is an important document and requires your immediate attention.**

**If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.**

## **RECOMMENDED OFFER**

by

**OZ Minerals Limited**

through its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd ACN 625 407 141

to purchase all of your shares in

**Avanco Resources Limited**

ABN 85 126 379 646

# **ACCEPT NOW**

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

Financial Advisers:



Legal Adviser:



## Key dates

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Date of this Bidder's Statement	10 April 2018
Date of Offer	11 April 2018
Offer closes (unless extended or withdrawn)	7.00pm (Sydney time) on 14 May 2018

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## Key Contacts

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Share registrar for the Offer	OZ Minerals Offer Information Line*
Link Market Services Limited	1300 330 255 (if calling from within Australia)
Level 12	+61 1300 330 255 (if calling from outside Australia)
680 George Street	*Calls to these numbers may be recorded.
Sydney	
New South Wales 2000	

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## Contents

Chairman's letter

- 1 Why you should accept the Offer
  - 2 Summary of the Offer
  - 3 Information on OZ Minerals Brazil, OZ Minerals and OZ Minerals Group
  - 4 Information on OZ Minerals' securities
  - 5 Information on Avanco and Avanco Group
  - 6 Information on Avanco's securities
  - 7 Sources of consideration
  - 8 OZ Minerals' intentions in relation to Avanco
  - 9 Profile of the Combined Group
  - 10 Risk factors
  - 11 Tax considerations
  - 12 Additional information
  - 13 The terms and conditions of the Offer
  - 14 Definitions and interpretation
  - 15 Approval of Bidder's Statement
- Corporate directory
-

## Important notices

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### **Nature of this document**

This Bidder's Statement is issued by OZ Minerals Brazil (Holdings) Pty Ltd ACN 625 407 141 (**OZ Minerals Brazil**) under Part 6.5 of the *Corporations Act 2001* (Cth).

A copy of this Bidder's Statement was lodged with ASIC on 10 April 2018. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

### **Investment advice**

In preparing this Bidder's Statement, OZ Minerals Brazil has not taken into account the individual objectives, financial situation, taxation implications or needs of individual Avanco Shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your financial or other professional adviser.

### **Disclaimer as to forward looking statements**

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Avanco and OZ Minerals and the members of the OZ Minerals Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of OZ Minerals, OZ Minerals Brazil, their officers or employees, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

### **Disclaimer as to Avanco and Combined Group information**

The information on Avanco, Avanco's securities and Avanco Group contained in this Bidder's Statement has been prepared by OZ Minerals Brazil using publicly available information and limited information made available to OZ Minerals by Avanco.

The information in this Bidder's Statement concerning Avanco and the assets and liabilities, financial position and performance, profits and losses and prospects of the Avanco Group, has not been independently verified by OZ Minerals or OZ Minerals Brazil. Accordingly, OZ Minerals and OZ Minerals Brazil do not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Avanco and Avanco Group, has also been prepared using publicly available information and limited information made available to OZ Minerals by Avanco. Accordingly, information in relation to the Combined Group is subject to the foregoing disclaimer to that extent.

Further information relating to Avanco's business may be included in Avanco's target's statement which Avanco must provide to its shareholders in response to this Bidder's Statement.

## **Foreign jurisdictions**

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify OZ Minerals or to otherwise permit a public offering of OZ Minerals Shares outside Australia. OZ Minerals Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**) and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

## **Warning statement for Avanco Shareholders in New Zealand**

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. The offer of OZ Minerals Shares under the Offer is being made to existing Avanco Shareholders with registered addresses in New Zealand in reliance upon an exemption from the relevant New Zealand securities regime, and, accordingly, this Bidder's Statement may not contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **Privacy**

OZ Minerals Brazil has collected your information from the Avanco register of shareholders for the purpose of making this Offer and, if accepted, administering a record of your acceptance of OZ Minerals Brazil's Offer for your holding of Avanco Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to OZ Minerals Brazil's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of OZ Minerals Brazil is 162 Greenhill Road, Parkside SA 5063.

## **Defined terms**

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 0 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

## Chairman's letter

10 April 2018

Dear Avanco Shareholders

### Recommended off-market takeover bid for Avanco

On behalf of the OZ Minerals Board, I am pleased to present you with this compelling Offer to acquire all of your Avanco Shares for \$0.085 cash and 0.009 OZ Minerals Shares for each of your Avanco Shares. The Offer Price is final, and cannot be increased during the Offer Period, in the absence of a competing proposal.

The Offer values Avanco at approximately \$418 million<sup>1</sup> or \$0.17 per Avanco Share based on a 1-month VWAP of OZ Minerals Shares up to and including 26 March 2018, the day prior to the announcement of the Offer, of \$9.45 per share. This represents a very attractive premia for your Avanco Shares:

- 121% to the last closing price of \$0.077 per share, being the price of Avanco Shares on the ASX at the close of trading on 26 March 2018;
- 119% to Avanco's 1-month VWAP of \$0.078 per share up to and including 26 March 2018; and
- 104% to Avanco's 3-month VWAP of \$0.083 per share up to and including 26 March 2018.

The Offer has been structured so that Avanco Shareholders receive an attractive price and consideration comprising both cash and OZ Minerals Shares. As a result, should you accept the Offer and the Offer is successful, you will become a shareholder in a leading Australian-based metals miner, listed on the ASX, with a diversified portfolio of assets across the lifecycle, a well-capitalised balance sheet and a track record of paying dividends. Importantly, you will retain exposure to the Avanco assets while benefiting from the enhanced scale, financial capacity, and mining expertise offered by OZ Minerals, which will better enable it to best optimise the asset portfolio.

The Offer is subject to a 50.1% minimum acceptance condition and other customary conditions, including there being no adverse regulatory action, no prescribed occurrences in Avanco, no material adverse changes in Avanco and receipt of a change of control consent for any Avanco material contracts. A full list of the conditions of the Offer is provided in section 0 of this Bidder's Statement.

### Support from the Avanco Directors, certain Avanco Management and Major Avanco Shareholders

OZ Minerals is pleased to note that the Avanco Board has unanimously recommended that Avanco Shareholders accept the Offer in the absence of a superior proposal.

In addition, as at the date of this Bidder's Statement, OZ Minerals has a relevant interest in 453,307,418 Avanco Shares representing approximately 18.45% of all Avanco Shares<sup>2</sup> as a result of the largest Avanco Shareholder, Appian,<sup>3</sup> entering into a Pre-Bid Acceptance Deed with OZ Minerals under which it has agreed to accept the Offer in respect of its entire interest in Avanco Shares, subject to certain conditions.

Furthermore:

- BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in

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<sup>1</sup> Based on 2,456,906,443 Avanco Shares as at the date of this Bidder's Statement.

<sup>2</sup> See footnote 1.

<sup>3</sup> Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.

funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares,<sup>4</sup> in the absence of a superior proposal and subject to the conditions of the Offer being fulfilled.

- BlackRock (subject to applicable law) reserves and retains the right to deal with the Avanco Shares described above on behalf of its clients in its absolute discretion and/or on the instructions of its clients or otherwise (including without limitation, a transfer of Avanco shares to any replacement investment manager or custodian nominated by its client(s) in circumstances where such client(s) has/have terminated BlackRock's professional relationship in respect of the Avanco shares). BlackRock's statement of intention was not, and was not intended to be, legally binding and shall neither have any legal effect nor create any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer;<sup>5</sup> and
- Avanco Directors and certain Avanco Management, whom collectively own 14,045,196 Avanco Shares representing 0.57%<sup>6</sup> of all Avanco Shares, have also stated they intend to accept the Offer for all of their Avanco Shares, subject to there being no superior proposal and certain other conditions and qualifications.<sup>7</sup>

### **Becoming a Shareholder in a Leading Australian Metals Company**

OZ Minerals is a leading listed Australian-based metals miner, with a market capitalisation of \$2,688 million, as at 6 April 2018.

OZ Minerals has a diverse asset portfolio in Australia including its flagship operating mine Prominent Hill and Carrapateena, a high-quality copper project presently under construction, and has interests in a suite of prospective development projects led by the West Musgrave copper-nickel pre-feasibility study stage project.

OZ Minerals has a track record of operational performance and in 2017 produced 112kt copper and 127koz gold at a C1 Cash Cost of US\$0.83/lb, which is in the bottom quartile of global copper mine costs. This result was in line with OZ Minerals' initial guidance for copper, exceeded initial guidance for gold and was below initial C1 Cash Cost guidance.

In 2017, OZ Minerals declared a total fully-franked dividend of \$0.20 per share. The OZ Minerals Board's current policy is to target a minimum dividend payment of 20% of cash generation, while maintaining a strong balance sheet for future investments.

### **Compelling Offer for Avanco Shareholders**

OZ Minerals believes its Offer to Avanco Shareholders is attractively priced and designed to crystallise a significant premium, deliver immediate certainty from the relevant cash consideration and provide ongoing exposure to the Combined Group without the need to pay brokerage costs.

Importantly, the certainty provided by the Offer should be balanced against the risks and uncertainties currently borne by you as an Avanco Shareholder. If you do not accept the Offer, and it becomes unconditional, you will become a minority shareholder in Avanco. This may have several implications for you, including reduced liquidity in Avanco Shares

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<sup>4</sup> See footnote 1.

<sup>5</sup> See section 6.8 for further details and relevant qualifications.

<sup>6</sup> See footnote 1. Based on Avanco's ASX announcement titled "Recommended cash and scrip offer by OZ Minerals" released 27 March 2018 and available at <https://www.asx.com.au/asxpdf/20180327/pdf/43srbq36jq2w0s.pdf>.

<sup>7</sup> See section 6.8 for further details and relevant qualifications. See also <https://www.asx.com.au/asxpdf/20180327/pdf/43srbq36jq2w0s.pdf>.

and a reduced ability for you to sell your Avanco Shares at value. Moreover, if the Offer is unsuccessful and there is no successful superior proposal, it is possible that Avanco Shares will trade below the Offer Price and closer to the trading levels prior to the Announcement Date.

I urge you to **ACCEPT** the Offer as soon as possible.

To accept the Offer, please follow the instructions on the accompanying Acceptance Form. If you require additional assistance, please call the OZ Minerals Offer Information Line on 1300 330 255 (for callers within Australia) or +61 1300 330 255 (for callers outside Australia).

We appreciate your consideration of our Offer and look forward to the prospect of delivering significant shareholder value to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rebecca McGrath', written in a cursive style.

**Rebecca McGrath**  
Chairman

OZ Minerals Limited



# 1 Why you should accept the Offer

This section sets out some of the reasons why OZ Minerals believes that Avanco Shareholders should accept the Offer.

- 1 **The Offer represents a significant premium to both recent and historic longer term trading prices of Avanco Shares**
- 2 **The Offer is unanimously recommended by Avanco Directors**
- 3 **Support from the Avanco Directors, certain Avanco Management and major Avanco Shareholders**
- 4 **You will become a shareholder in a financially stronger company with a diversified asset portfolio and a history of paying dividends**
- 5 **You will have access to potentially greater liquidity**
- 6 **The Offer reduces the risks associated with being an Avanco Shareholder if Avanco were to remain a standalone entity**
- 7 **The Offer Price is final, and cannot be increased during the Offer Period in the absence of a competing proposal**
- 8 **The trading price of Avanco Shares may fall if the Offer is unsuccessful**

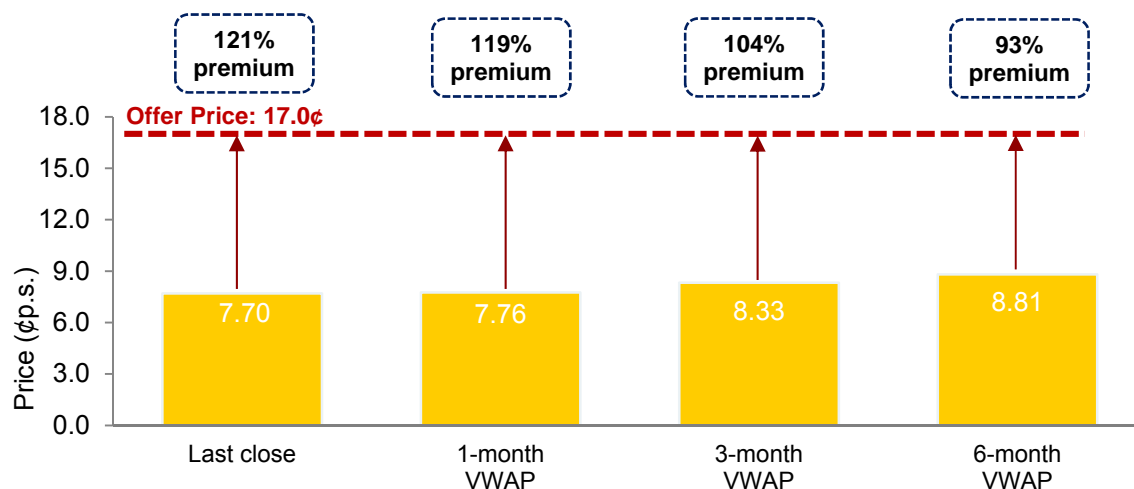
## 1.1 The Offer represents a significant premium to both recent and historic longer term trading prices of Avanco Shares

Under the Offer, you will receive \$0.085 cash and 0.009 new OZ Minerals Shares for each of your Avanco Shares.

Based on the one-month VWAP of OZ Minerals Shares up to and including 26 March 2018 of \$9.45 per share, the day prior to the Announcement Date, the Offer values your Avanco Shares at \$0.17 per share.

As shown in the chart below, the Offer represents a substantial premium to the trading price of Avanco Shares over a range of time periods prior to the Announcement Date.

**Figure 1: Premia analysis of OZ Minerals' Offer (prior to Announcement Date)<sup>8</sup>**



Since the announcement of the Offer, OZ Minerals' share price has traded flat, the S&P/ASX 200 has traded lower by 0.03%, and the Offer now values your Avanco Shares

<sup>8</sup> Source: IRESS as at 26 March 2018.

at \$0.1680 per share, based on the one-month VWAP of OZ Minerals Shares up to and including 6 April 2018 of \$9.23 per share. You should note that any market fluctuations in the price of OZ Minerals Shares would impact the implied value of the Offer Price.

## 1.2 The Offer is unanimously recommended by Avanco Directors

Avanco Directors unanimously recommend Avanco Shareholders accept the Offer in the absence of a superior proposal.

Additionally, Avanco Directors and certain Avanco Management who own or control Avanco Shares have confirmed that they will accept or procure the acceptances of the Offer in respect of the Avanco Shares that they own or control, in the absence of a superior proposal.

Collectively, the Avanco Directors and certain Avanco Management own or control 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares<sup>9</sup> as at the date of this Bidder's Statement, excluding Avanco Options as of the Announcement Date.

## 1.3 Support from the Avanco Directors, certain Avanco Management and Major Avanco Shareholders

Subject to OZ Minerals receiving Offer acceptances described below, OZ Minerals only requires acceptances for a further 477,318,992 Avanco Shares representing 19.43% of all Avanco Shares for the Offer's 50.1% minimum acceptance condition to be satisfied.<sup>10</sup>

- Appian has entered into a Pre-Bid Acceptance Deed with OZ Minerals under which it has agreed to accept the Offer, subject to certain conditions, in respect of its relevant interest in 453,307,418 Avanco Shares representing approximately 18.45% of all Avanco Shares.<sup>11</sup> If OZ Minerals acquires Appian's Avanco Shares under the Pre-Bid Acceptance Deed and subsequently sells them to a competing bidder (whether under takeover or scheme of arrangement), OZ Minerals will pay Appian an amount equal to the difference between the value of consideration received for the shares and the two day VWAP for Avanco Shares prior to the announcement of the competing offer or competing scheme. A copy of the Pre-Bid Acceptance Deed has been lodged with the ASX.
- BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares<sup>12</sup> in the absence of a superior offer and the conditions of the Offer being fulfilled.

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

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<sup>9</sup> See footnote 1. Based on Avanco's ASX announcement titled "Recommended cash and scrip offer by OZ Minerals" released 27 March 2018 and available at <https://www.asx.com.au/asxpdf/20180327/pdf/43srbq36jq2w0s.pdf>.

<sup>10</sup> See footnote 1.

<sup>11</sup> See footnote 1.

<sup>12</sup> See footnote 1.

any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer.<sup>13</sup>

- Avanco Directors and certain Avanco Management, who collectively own 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares,<sup>14</sup> have stated they intend to accept the Offer with respect to all of their Avanco Shares subject to there being no superior offer for Avanco.

Further details in relation to the Pre-Bid Acceptance Deed and the statements given by BlackRock and the Avanco Directors and certain Avanco Management are provided in section 6.8.

#### **1.4 You will become a shareholder in a financially stronger company with a diversified asset portfolio and international exploration prospects and a history of paying dividends**

OZ Minerals is an Australian-based modern mining company with a focus on copper. Listed on the ASX (ASX100), OZ Minerals has a growth strategy focused on creating value for all stakeholders, and is utilising its knowledge and experience to implement a global strategy focused on IOCG deposits.

If the Offer is successful, Avanco Shareholders will have a relevant interest of up to 7.3%<sup>15</sup> of OZ Minerals Shares.

The Combined Group will be larger and globally diversified with an attractive portfolio of operational, and advanced stage development and exploration projects currently supported by a strong, debt free balance sheet.

The diagram below shows the location of the Combined Group's activities:

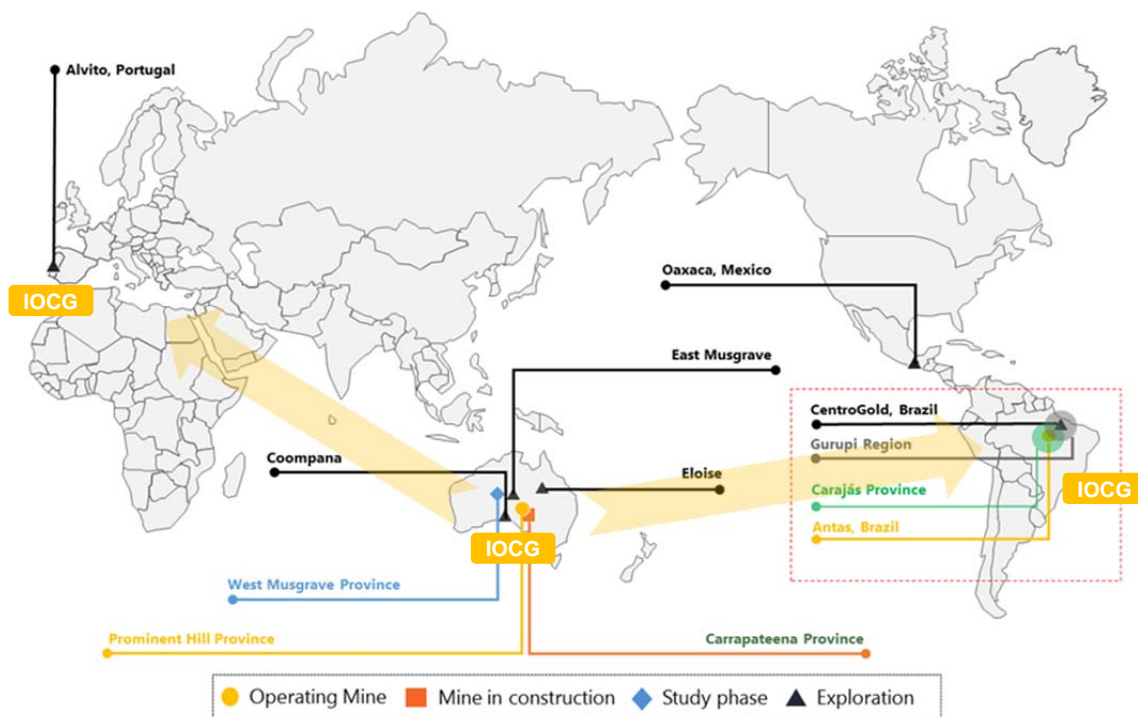
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<sup>13</sup> See section 6.8 for further details and relevant qualifications.

<sup>14</sup> See footnote 1. Based on Avanco's ASX announcement titled "Recommended cash and scrip offer by OZ Minerals" released 27 March 2018 and available at <https://www.asx.com.au/asxpdf/20180327/pdf/43srbq36jq2w0s.pdf>.

<sup>15</sup> Assumes all 150,000,000 Avanco Options expiring 30 June 2018 are exercised prior to Offer Period close and OZ Minerals acquires all Avanco Shares.

**Figure 2: Combined Group's assets**



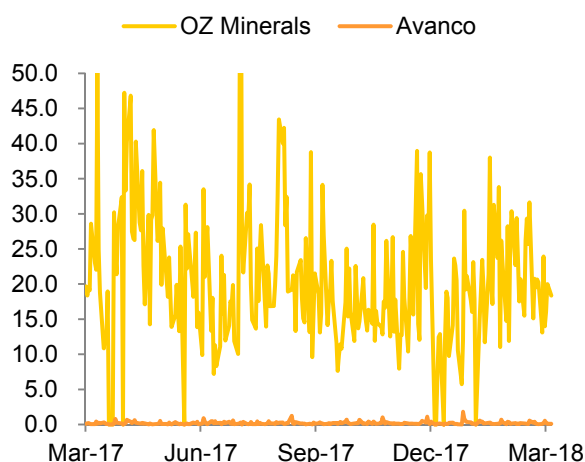
In addition, OZ Minerals has a track record of paying dividends and declared a total fully-franked dividend of \$0.20 per share in 2017. The OZ Minerals Board's current policy is to target a minimum dividend payment of 20% of cash generation, while maintaining a strong balance sheet for future investments. Avanco Shareholders holding OZ Minerals Shares at any future dividend record date would be eligible to receive any associated future dividends paid by OZ Minerals.

### 1.5 You will have access to potentially greater liquidity<sup>16</sup>

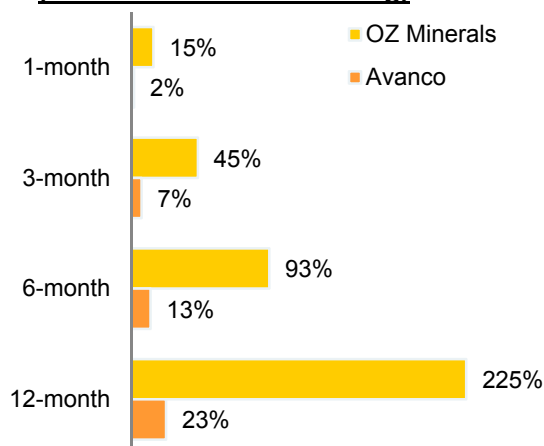
By accepting the Offer, Avanco Shareholders will receive OZ Minerals Shares as part of the Offer consideration. OZ Minerals has significantly greater relative trading liquidity compared to Avanco, which would provide Avanco Shareholders with an enhanced ability to realise the inherent value in their shareholding through OZ Minerals versus a shareholding in Avanco.

<sup>16</sup> Source: IRESS as at 26 March 2018.

**Figure 3: Daily trading value over the last year (\$ million)**



**Figure 4: Trading volume (% basic shares outstanding)**



Moreover, should OZ Minerals be successful in acquiring a majority ownership in Avanco but not reach the compulsory acquisition threshold, there is a risk that the trading liquidity of Avanco Shares will be negatively impacted. In this instance, should you not accept the Offer and remain a minority Avanco Shareholder, it may make it more difficult for you to sell your Avanco Shares at prevailing price levels.

### 1.6 The Offer reduces the risks associated with being an Avanco Shareholder if Avanco were to remain a standalone entity

Avanco's asset portfolio is located in Brazil and comprises a single operating asset, being the Antas mine and a number of development projects, including Pedra Branca, CentroGold and Pantera. Accordingly, Avanco Shareholders are exposed to Brazil country risk as well as significant development and permitting risks.

With a cash balance of US\$24.4 million as at 31 December 2017, it is likely that Avanco will need to raise external capital to fund the construction of these projects, which may include the issuance of new equity.

OZ Minerals is currently generating strong cash flows from its Prominent Hill asset and has a strong balance sheet and the technical skills to help mitigate the development and funding risks of Avanco.

By accepting the Offer, and if the Offer is successful, Avanco Shareholders will crystallise value at a significant premium and reduce their exposure to Avanco's current risk profile.

### 1.7 The Offer Price is final and cannot be increased during the Offer Period in the absence of a competing proposal

OZ Minerals has declared that its Offer Price is final and cannot be increased during the Offer Period in the absence of a competing proposal.

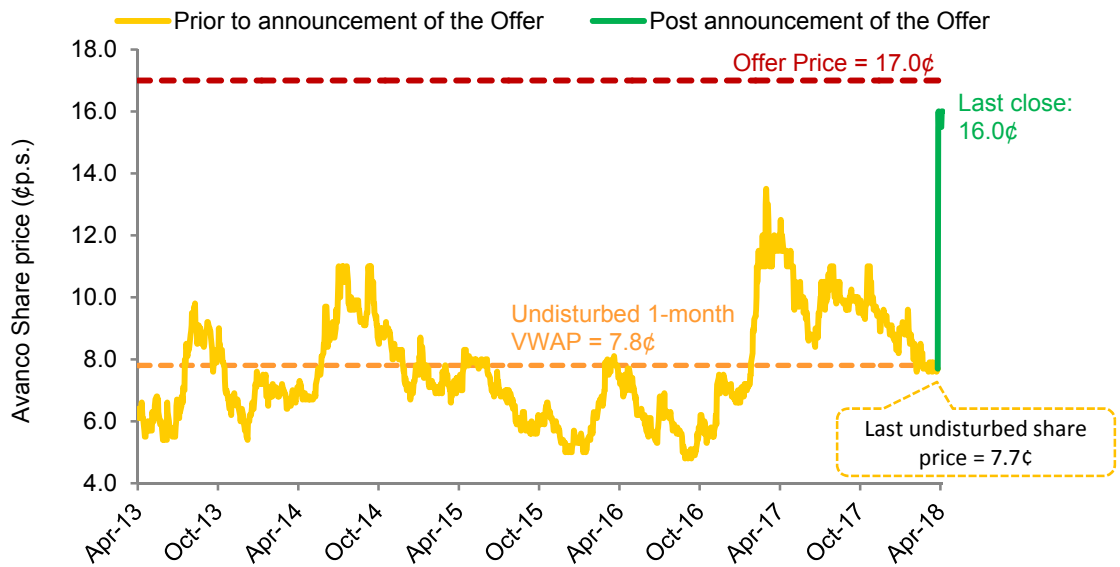
Moreover, the OZ Minerals Offer is the only offer available for all your Avanco Shares as at the date of this Bidder's Statement. Neither Avanco nor OZ Minerals is aware of any other party intending to make a competing proposal for your Avanco Shares.

### 1.8 The trading price of Avanco Shares may fall if the Offer is unsuccessful

Avanco Shares have not traded at or above the Offer Price over the last five years.

If the Offer does not proceed or is otherwise unsuccessful and there are no competing proposals for Avanco Shares, it is possible that the trading price of Avanco Shares will fall.

**Figure 5: 5-year Avanco Share price chart<sup>17</sup>**



<sup>17</sup> Source: IRESS as at 6 April 2018.

## 2 Summary of the Offer

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<b>What OZ Minerals Brazil is offering to buy</b>	<p>OZ Minerals Brazil is offering to buy all of Avanco's Shares, including Shares that are issued during the Offer Period due to the conversion of Avanco Options, on the terms set out in this Bidder's Statement.</p> <p>You may only accept this Offer in respect of all the Avanco Shares held by you.</p>
<b>What you will receive if you accept the Offer</b>	<p>If you accept the Offer, subject to the satisfaction of the conditions to the Offer, for each of Your Shares you will receive 8.5 cents and 0.009 OZ Minerals Shares.</p> <p>This values your Avanco Shares at \$0.17 each.<sup>18</sup></p> <p>If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be provided OZ Minerals Shares. Instead you will be paid by the Nominee the net proceeds of the sale of the OZ Minerals Shares you would have been entitled to. See section 13.7 for more details.</p>
<b>Can OZ Minerals Brazil increase the Offer Price?</b>	<p>OZ Minerals Brazil has declared that the Offer Price is final and will not be increased, in the absence of a competing proposal.</p>
<b>When you will receive payment</b>	<p>Generally, OZ Minerals Brazil will provide your Offer consideration to you on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after this Offer is accepted or one month after all of the conditions have been freed or fulfilled (whichever is the later); and</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>Full details of when Offer consideration will be provided are set out in section 13.6 of this Bidder's Statement.</p> <p>Ineligible Foreign Shareholders and Small Parcel Shareholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time.</p>
<b>Will you need to pay brokerage or stamp duty on acceptances?</b>	<p>Brokerage or stamp duty is not payable by you in respect of your acceptance.</p> <p>If your Avanco Shares are registered in a CHESSE Holding, or if you are a beneficial owner whose Avanco Shares are registered in the name of a broker, bank custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p>

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<sup>18</sup> Based on the OZ Minerals one month VWAP of \$9.45 per share up to and including 26 March 2018, the last trading day before the Offer was announced.

**Close of the Offer** The Offer closes at 7pm (Sydney time) on 14 May 2018, unless it is extended under the Corporations Act.

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**There are some conditions to the Offer** The Offer is subject to a number of conditions, including:

- a minimum acceptance condition of 50.1%;
- absence of 'prescribed occurrences' in Avanco;
- no material adverse change in Avanco occurs;
- ASX quotation of the OZ Minerals Shares to be issued as consideration;
- receipt of any regulatory approvals required;
- no order, investigation or application is made which restrains, prohibits or impedes the Offer and the Takeover Bid;
- receipt of a change of control consent for any Avanco material contracts;
- restrictions on the conduct of the business; and
- no material breach of the Bid Implementation Deed.

Full terms of the conditions are set out in section 13.8 of this Bidder's Statement.

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**What happens if the conditions of the Offer are not satisfied or waived?** If the conditions of the Offer are not satisfied or waived by the closing date, the Offer will lapse and your acceptance will be void.

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**Offer in respect of Avanco Options** OZ Minerals Brazil is not making a separate offer to holders of Avanco Options.

However, Avanco Option holders whose Avanco Options are converted into Avanco Shares during the Offer Period will be able to accept the Offer in respect of the Avanco Shares which they are issued.

In addition, if OZ Minerals Brazil becomes entitled to compulsorily acquire all Avanco Shares, Avanco will make offers to each holder of Avanco Options (other than Key Management Personnel) in a form approved by OZ Minerals to cancel each of their Avanco Options for a cash price equal to \$0.07 per Avanco Option. See section 6.7 for further details.

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**How you may accept the Offer** You may only accept the Offer for all your Avanco Shares.

**Issuer sponsored shareholders**

If your Avanco Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.

**CHESS shareholders**

If your Avanco Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer

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by either:

- completing and signing the Acceptance Form enclosed with this Bidder's Statement and returning it to the address indicated on the form; or
- instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, before the Offer closes.

#### **Participants**

If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.

Full details on how to accept the Offer are set out in section 13.3 of this Bidder's Statement.

#### **Can you accept the Offer for part of Your Shares?**

No. You cannot accept for part of Your Shares. You can only accept the Offer for ALL of Your Shares.

#### **What if you are an Ineligible Foreign Shareholder or hold a Small Parcel?**

Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive OZ Minerals Shares. Rather, the OZ Minerals Shares that Ineligible Foreign Shareholders and Small Parcel Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds attributable to each Ineligible Foreign Shareholder or Small Parcel Shareholder will be paid to them by cheque in Australian dollars drawn on an Australian bank account.

Ineligible Foreign Shareholders should read section 13.7 which provides further information on Ineligible Foreign Shareholders and the Nominee sale process. OZ Minerals' determination of whether an Avanco Shareholder is an Ineligible Foreign Shareholder or Small Parcel Shareholder shall be final.

#### **What happens if you do not accept the Offer?**

You will remain an Avanco Shareholder and will not receive the cash and scrip consideration under the Offer. If OZ Minerals Brazil becomes entitled to compulsorily acquire your Avanco Shares, it intends to proceed with compulsory acquisition. If your Avanco Shares are compulsorily acquired by OZ Minerals Brazil, it will be on the same terms (including the same consideration for each Avanco Share acquired) as the Offer. Refer to sections 8.4 and 8.5 for details regarding OZ Minerals' intentions if OZ Minerals Brazil does not become entitled to compulsorily acquire your Avanco Shares.

#### **Where to go for further information**

For queries on how to accept the Offer, see the enclosed Acceptance Form or call Link Market Services Limited on:

- 1300 330 255 (if calling from within Australia); or
- +61 1300 330 255 (if calling from outside Australia).

For queries in relation to your Avanco shareholding, call Link Market Services Limited on the telephone number(s) above.

Calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of OZ Minerals, OZ Minerals Brazil or its advisers.

**Important notice**

The information in this section 2 is a **summary only** of OZ Minerals Brazil's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.

You should read the entire Bidder's Statement and the Target Statement that Avanco will shortly be sending to you, before deciding whether to accept the Offer.

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## 3 Information on OZ Minerals Brazil, OZ Minerals and OZ Minerals Group

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### 3.1 Overview of Bidder

The bidder under the Offer is OZ Minerals Brazil, a wholly-owned subsidiary of OZ Minerals and member of the OZ Minerals Group.

OZ Minerals is an Australian-based modern mining company with a focus on copper and is listed on the ASX (ASX100). OZ Minerals has a growth strategy focused on creating value for all stakeholders.

OZ Minerals has interests in three key assets:

- 100% of Prominent Hill, a copper-gold mining operation in northern South Australia;
- 100% of Carrapateena, a copper-gold project presently under construction and located approximately 160km north of Port Augusta in South Australia's highly prospective Gawler Craton; and
- an earn-in right to acquire up to 70% of West Musgrave, a copper-nickel project, presently the subject of a pre-feasibility study and located in the highly prospective Musgrave Province of Western Australia near the border of South Australia and Northern Territory.

The company is also undergoing studies and test work for a potential Concentrate Treatment Plant, which would enable secondary processing of copper concentrate to increase copper-in-concentrate grades and reduce impurities to very low levels. OZ Minerals also has a dynamic pipeline of potential exploration and growth opportunities with other partners.

OZ Minerals has a substantial cash balance and is debt free.

### 3.2 Directors

#### (a) Directors of OZ Minerals

Brief profiles of the directors of OZ Minerals Group as at the date of this Bidder's Statement are set out below:

##### ***Rebecca McGrath – Independent Non-executive Chairman***

BTP (Hons), MA (App.Sci), FAICD

Ms McGrath is an internationally experienced business leader, director and chairman. Ms McGrath's executive career includes 24 years with BP Plc. She has held a range of senior executive and group executive roles in Australasia, Europe and the UK. Ms McGrath is currently a non-executive director of ASX listed Incitec Pivot Ltd and Goodman Group. She is also Chairman of Investa Office Management Holdings Pty Ltd and Scania Australia. Ms McGrath is a member of the Victorian Council of the Australian Institute of Company Directors.

##### ***Andrew Cole – Managing Director and Chief Executive Officer***

BAppSc (Hons) in Geophysics MAICD

Mr Cole has over 25 years' experience in exploration and operations in the resources industry. Following exploration geoscientist roles in Australia, Canada, USA and Mexico with Rio Tinto Exploration (CRA and Kennecott), Mr Cole spent 10 years in mine development and mine operations with Rio Tinto in Australia, China, Canada and the UK. During his career at Rio Tinto, Mr Cole held various senior and leadership positions, including General Manager

Operations of the Clermont Region Operations, including the Blair Athol Mine and Clermont Mine, Chief Executive Officer of Chinalco Rio Tinto Exploration and Chief Operating Officer of Rio Tinto Iron and Titanium. Mr Cole is a Councillor of SACOME (South Australian Chamber of Mines and Energy).

***Julie Beeby – Independent Non-executive Director***

BSc (Hons I), PhD (Physical Chemistry), MBA, FAICD, FTSE

Dr Beeby was the former Chief Executive Officer of Brisbane-based gas producer, Westside Corporation. Dr Beeby has more than 25 years' operations, project and strategy experience in the resources sector, including the minerals and petroleum industries. Dr Beeby also has experience in mergers and acquisitions. Dr Beeby has been the Chairman of Powerlink Qld (Qld Electricity Transmission Corporation Ltd) since 2014 and has been a member of the Powerlink Qld board since 2008. Dr Beeby is a non-executive director of ASX listed Whitehaven Coal Ltd.

***Tonianne Dwyer – Independent Non-executive Director***

BJuris (Hons), LLB (Hons), GAICD

Ms Dwyer is an independent non-executive public company director. Ms Dwyer spent over 20 years in investment banking and real estate fund management and was a Director of Investment Banking at Societe Generale/Hambros Bank advising on mergers and acquisitions, restructuring and refinancing. Ms Dwyer was Head of Fund Management at the LSE listed property company, Quintain Estates & Development plc and was later appointed to the board as an Executive Director. Ms Dwyer is also a director of DEXUS Property Group, DEXUS Wholesale Property Fund, Metcash Limited, ALS Limited and Queensland Treasury Corporation. Ms Dwyer is a graduate member of Australian Institute of Company Directors, a director of Chief Executive Women and Deputy Chancellor of the Senate of the University of Queensland.

***Charles Lenegan – Independent Non-executive Director***

BSc (Econ)

Mr Lenegan is a former Managing Director of Rio Tinto Australia. Mr Lenegan had a distinguished 27-year career with Rio Tinto where he held various senior management positions across a range of commodities and geographies. Mr Lenegan was formerly the Chairman of the Minerals Council of Australia and is a former board member of the Business Council of Australia. Mr Lenegan is currently Chairman of Bis Industries Limited (non-ASX listed company).

***Peter Tomsett – Independent Non-executive Director***

BEng (Hons I), MSc

Mr Tomsett's international career has spanned a wide range of technical, operational and senior management roles in the mining industry. He spent 20 years with global gold and copper company Placer Dome Inc. in a number of senior roles, including President and Chief Executive Officer until its acquisition by Barrick Gold in 2006. Mr Tomsett has been a director of the Minerals Council of Australia, the World Gold Council and the International Council for Mining and Metals. Mr Tomsett served as non-executive Chairman of the TSX and ASX listed Equinox Minerals until its acquisition by Barrick Gold in 2011.

***Peter Wasow – Independent Non-executive Director***

BComm, GradDip (Management), Fellow (CPA Australia)

Mr Wasow has extensive experience in the resources sector as both a senior executive and a director. He held the position of Managing Director and Chief Executive Officer of Alumina Limited until mid-2017. He formerly held the position of Executive Vice President and Chief Financial Officer of Santos

Limited and in a 20-year plus career at BHP he held senior positions including Vice President, Finance and other senior roles in Petroleum, Services, Corporate, Steel and Minerals. Mr Wasow is currently a senior independent Director of the privately held GHD Group and an independent Director of the APA Group. He was also Non-Executive Director of Alcoa of Australia Limited, AWA Brazil Limitada, AWAC LLC and Non-Executive Director of ASX-listed Alumina from 2011 to 2013. Mr Wasow has been also been a member of the Business Council of Australia, and a director of the International Aluminium Institute and APPEA.

(b) **Directors of OZ Minerals Brazil**

The directors of OZ Minerals Brazil as at the date of this Bidder's Statement are Andrew Cole, Warrick Ranson and Robert Mancini. A brief profile for Andrew is set out above. Mr Ranson is the Chief Financial Officer of OZ Minerals, and Mr Mancini is the Head of Legal of OZ Minerals. A brief profile of each of Mr Ranson and Mr Mancini is set out below:

***Warrick Ranson – Chief Financial Officer***

BBus (Accounting), MBA (Oxford), FCA, GAICD

Mr Ranson is a commercial executive with over 25 years' experience working at senior levels in strategy and negotiation, finance, business services, innovation and process change. Commencing his career in public practice and qualifying as a Chartered Accountant, Mr Ranson has spent the majority of his career working in mining and mining related activities including site based and corporate roles across Australia, Asia, Europe and the Americas. Prior to joining OZ Minerals, Mr Ranson spent over 18 years at Rio Tinto where he held various senior executive financial, commercial and transformation roles, including Finance Executive of Rio Tinto's Copper product group based in London, Chief Commercial Officer within the Iron Ore product group and Head of Productivity Development for Rio Tinto globally.

***Robert Mancini – Head of Legal***

LLB, BCom

Mr Mancini joined OZ Minerals as Head of Legal and member of the Executive team in August 2015. He oversees the legal function which supports the business in corporate governance, mergers and acquisitions, major project contracts, joint venture agreements and restructuring. He also advises the management team and OZ Minerals Board on all legal, regulatory and compliance matters.

Mr Mancini has more than 20 years of national and international experience in commercial dealings, working across various in-house legal and commercial leadership roles on large-scale corporate transactions and litigation within the mining, utilities and oil and gas industry. He has also held legal leadership roles at other listed entities such as UGL Resources and Clough Limited. His areas of expertise include commercial negotiation, dispute resolution, risk management and compliance.

### **3.3 History, structure and ownership of OZ Minerals Group**

(a) **History**

OZ Minerals was formed in 2008 by the merger of two Australian non-ferrous metals mining businesses, Oxiana Limited and Zinifex Limited.

OZ Minerals' assets, excluding Prominent Hill, were then acquired in 2009 by China Non Ferrous Metals Co Ltd (Minmetals), the company now operating as MMG Limited.

In 2011, OZ Minerals purchased the Carrapateena exploration project. A pre-feasibility study was released for the project in 2014. In 2015, a series of parallel initiatives commenced to explore options to de-risk and increase the value of the project. OZ Minerals released a feasibility study update on Carrapateena in 2017, with construction of the project now underway.

In 2012, OZ Minerals expanded its Prominent Hill operation to include underground mining at the Ankata Underground mine. In 2015, a second underground mine, Malu Underground, was commissioned. The operations of these underground mines have subsequently been integrated. The company transitioned Prominent Hill to an underground-only mining operation in March 2018, whilst continuing to process stockpiles of ore historically mined from open pit mining operations.

In August 2016, OZ Minerals signed an agreement with Cassini Resources to earn up to 70% of the West Musgrave project, Australia's largest undeveloped copper-nickel deposit. In November 2017, OZ Minerals and Cassini Resources announced that the West Musgrave project would progress to a pre-feasibility study following positive scoping study results.

OZ Minerals relocated its corporate headquarters from Melbourne to Adelaide in July 2015.

(b) **Structure**

The wholly owned controlled entities of OZ Minerals Limited are listed below:

**Table 1: Wholly owned controlled entities of OZ Minerals Limited.**

Entity	Country of Incorporation
OZ Minerals Brazil (Holdings) Pty Ltd	Australia
Carrapateena Pty Ltd	Australia
CTP Assets Pty Ltd	Australia
CTP Operations Pty Ltd	Australia
Minotaur Resources Holdings Pty Ltd	Australia
OZ Exploration Pty Ltd	Australia
OZ Minerals Equity Pty Ltd	Australia
OZ Minerals Group Treasury Pty Ltd	Australia
OZ Minerals Holdings Pty Ltd	Australia
OZ Minerals Insurance Pte Ltd	Singapore
OZ Minerals International (Holdings) Pty Ltd	Australia
OZ Minerals Investments Pty Ltd	Australia
OZ Minerals Jamaica Limited	Jamaica
OZ Minerals Prominent Hill Operations Pty Ltd	Australia
OZ Minerals Prominent Hill Pty Ltd	Australia
OZ Minerals Zinifex Holdings Pty Ltd	Australia
OZ Minerals Carrapateena Pty Ltd	Australia
OZ Exploration Chile Limitada	Chile
OZM Carrapateena Pty Ltd	Australia
OZ Exploration (USA) LLC	USA
ZRUS Holdings Pty Ltd	Australia

(c) **Ownership**

OZ Minerals is listed on the ASX and has a diverse shareholder base. As at 6 April 2018, the company had 40,626 shareholders.

To the best of its knowledge, OZ Minerals is not directly or indirectly controlled by another corporation or any person or foreign government and there are no arrangements which may, at a subsequent date, result in a change of control of OZ Minerals.

Refer to section 4.6 of this Bidder's Statement for details on OZ Minerals' substantial shareholders.

### 3.4 Principal activities of OZ Minerals Brazil and OZ Minerals Group

#### (a) OZ Minerals Brazil

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

#### (b) OZ Minerals Group

A brief summary of OZ Minerals' principal operations and projects is set out below.

##### **Prominent Hill (100% owned by OZ Minerals)**

Prominent Hill is an underground copper-gold-silver mine located 130km south-east of Coober Pedy in South Australia, with a mine life that currently extends to 2029. The asset comprises:

- an underground mine (Ankata and Malu mine areas); and
- a conventional crushing, grinding and flotation processing plant.

The operation has transitioned to an underground only mining operation with open pit mining activities ceasing in March 2018.

These underground mining activities, combined with stockpile processing, will keep the processing plant at full capacity of approximately 9-10Mtpa ore until mid-2023, with underground ore to support processing plant throughput of approximately 3.5-4.0Mtpa ore post mid-2023.<sup>19</sup>

Prominent Hill was first commissioned in 2009, and produced 112Kt copper in concentrate in 2017 at a C1 Cash Cost of US\$0.83/lb. In 2018 Prominent Hill is forecast to produce 100-110Kt copper at a C1 Cash Cost of US\$0.75-0.85/lb. The operation is a fly-in fly-out site that currently employs approximately 900 employees and contractors.

##### **Carrapateena (100% owned by OZ Minerals)**

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

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

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

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<sup>19</sup> This information is extracted from the document entitled "Prominent Hill 2017 Mineral Resource and Ore Reserve Statement and Explanatory Notes" which is annexed to the ASX Release entitled "Prominent Hill underground Reserve growth continues, mine life extended to 2029" released on 21 November 2017 and available at [https://www.ozminerals.com/uploads/media/171121\\_Prominent\\_Hill\\_2017\\_Mineral\\_Resource\\_and\\_Ore\\_Reserve.pdf](https://www.ozminerals.com/uploads/media/171121_Prominent_Hill_2017_Mineral_Resource_and_Ore_Reserve.pdf). OZL Minerals confirms that all the material assumptions underpinning the production target in the initial announcement continue to apply and have not materially changed.

<sup>20</sup> ASX Announcement titled "Carrapateena Project Mineral Resource Restatement and Ore Reserve Statement" released on 24 August 2017 and available to view at: [https://www.ozminerals.com/uploads/media/170824\\_ASX\\_Release\\_Resource\\_and\\_Reserve\\_Statement\\_-\\_Carrapateena\\_August\\_2017.pdf](https://www.ozminerals.com/uploads/media/170824_ASX_Release_Resource_and_Reserve_Statement_-_Carrapateena_August_2017.pdf).

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

There are two main phases to construction of Carrapateena:

- **Phase one Q3 2017 – Q1 2018:** comprises construction of enabling infrastructure including a 550 bed accommodation village and airstrip, as well as the continued development of the dual access underground decline; and
- **Phase two Q2 2018 – Q4 2019:** comprises construction of processing and above ground infrastructure, including the processing plant, tailings storage facility, continued development of the dual decline, underground materials handling system, access roads and power line.

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

In August 2016, OZ Minerals signed an agreement with Cassini Resources to earn up to 70% of the West Musgrave project, which is located in the Musgrave Province of Western Australia and includes the Nebo-Babel copper-nickel and Succoth copper deposits.

Under this agreement, OZ Minerals can earn 51% of the project by spending at least \$22 million within 18 months. OZ Minerals may earn up to 70% by spending a total of \$36 million.

OZ Minerals has decided to proceed to the next stage of the agreement, enabling OZ Minerals to earn 51% of the project. As at the date of this Bidder's Statement, OZ Minerals is managing the pre-feasibility study of West Musgrave.

#### **Other**

OZ Minerals also has a dynamic pipeline of potential exploration and growth opportunities in Australia and South America with other partners. These include:

- Oaxaca with Acapulco Gold Corp, targeting copper/zinc VHMS systems in southern Mexico;
- Alvito with Avrupa Minerals, targeting shallow IOCG mineralisation in southern Portugal;
- Coompana with Mithril Resources, targeting copper/nickel magmatic sulphide mineralisation in South Australia;
- Eloise with Minotaur Exploration, targeting Cannington style lead/zinc/silver mineralisation and high grade copper/gold mineralisation in Queensland. OZ Minerals owns 51% of this venture;
- Punt Hill with Red Metal, targeting IOCG mineralisation 50km south of the Carrapateena project in South Australia; and
- East Musgrave with Woomera Exploration, targeting copper/nickel magmatic sulphide mineralisation in the eastern portion of the Musgrave province, South Australia.

OZ Minerals is also progressing studies on the potential development of a concentrate treatment plant to increase copper-in-concentrate grades and reduce impurities to very low levels. A successful pilot plant campaign was completed in December 2017.



### 3.5 OZ Minerals Ore Reserves and Mineral Resources<sup>21</sup>

**Table 2: OZ Minerals Mineral Reserves (100% basis)**

Category	Ore (Mt)	Grade			Contained metal		
		Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
<b>Prominent Hill</b>							
Proved	49	0.9	0.6	3	450	0.9	5
Probable	25	1.1	0.7	3	280	0.6	2
<b>Prominent Hill Total</b>	<b>74</b>	<b>1.0</b>	<b>0.6</b>	<b>3</b>	<b>730</b>	<b>1.5</b>	<b>7</b>
<b>Carrapateena</b>							
Proved	0	0.0	0.0	0	0	0.0	0
Probable	79	1.8	0.7	9	1,400	1.8	22
<b>Carrapateena Total</b>	<b>79</b>	<b>1.8</b>	<b>0.7</b>	<b>9</b>	<b>1,400</b>	<b>1.8</b>	<b>22</b>
<b>Total</b>	<b>150</b>	<b>1.4</b>	<b>0.7</b>	<b>6</b>	<b>2,100</b>	<b>3.3</b>	<b>29</b>

**Table 3: OZ Minerals Mineral Resources (100% basis)**

Category	Ore (Mt)	Grade			Contained metal		
		Cu (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Au (Moz)	Ag (Moz)
<b>Prominent Hill Copper</b>							
Measured	48	1.3	0.5	3	620	0.7	5
Indicated	39	1.1	0.7	3	430	0.8	4
Inferred	53	1.1	0.5	2	570	0.9	4
<b>Prominent Hill Copper Total</b>	<b>140</b>	<b>1.2</b>	<b>0.5</b>	<b>3</b>	<b>1,600</b>	<b>2.5</b>	<b>13</b>
<b>Prominent Hill Gold</b>							
Measured	15	0.1	0.8	2	17	0.4	1
Indicated	2	0.0	2.3	1	0	0.2	0
Inferred	6	0.0	2.4	1	3	0.4	0
<b>Prominent Hill Gold Total</b>	<b>23</b>	<b>0.1</b>	<b>1.3</b>	<b>2</b>	<b>20</b>	<b>1.0</b>	<b>1</b>
<b>Prominent Hill Total</b>	<b>160</b>	<b>1.0</b>	<b>0.7</b>	<b>3</b>	<b>1,600</b>	<b>3.5</b>	<b>14</b>
<b>Carrapateena</b>							
Measured	61	1.4	0.6	6	880	1.2	12
Indicated	65	1.6	0.6	7	1,030	1.3	15
Inferred	8	0.8	0.4	4	60	0.1	1
<b>Carrapateena Total</b>	<b>134</b>	<b>1.5</b>	<b>0.6</b>	<b>7</b>	<b>1,970</b>	<b>2.6</b>	<b>28</b>
<b>Total</b>	<b>300</b>	<b>1.2</b>	<b>0.6</b>	<b>4</b>	<b>3,600</b>	<b>6.1</b>	<b>42</b>

<sup>21</sup> Tables subject to rounding errors. The information in relation to Prominent Hill set out in these tables extracted from the report entitled "Prominent Hill Mineral Resources and Ore Reserves Statements and Explanatory Notes as at 30 June 2017" released on 21 November 2017. The information in relation to Carrapateena set out in these tables is extracted from the report entitled "Carrapateena Project Mineral Resource" released on 9 December 2016 and subsequently restated on 24 August 2017; and "Carrapateena Ore Reserve Statements and Explanatory Notes" released on 24 August 2017. These Mineral Resource and Ore Reserve statements and their accompanying explanatory notes are available to be viewed at [ozminerals.com/operations/resources-reserves.html](http://ozminerals.com/operations/resources-reserves.html). OZ Minerals is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

**Table 4: Mineral Resources at West Musgrave (100% basis)<sup>22</sup>**

Category	Ore (Mt)	Ni (%)	Cu (%)	Co (ppm)	Au (ppm)	Pd (ppm)	Pt (ppm)
Indicated	112	0.41	0.42	158	0.06	0.1	0.08
Inferred	171	0.33	0.37	124	0.06	0.1	0.09
<b>Total</b>	<b>283</b>	<b>0.36</b>	<b>0.39</b>	<b>137</b>	<b>0.06</b>	<b>0.1</b>	<b>0.09</b>

### 3.6 Forecast operating metrics<sup>23</sup>

A summary of the company's forecast operating metrics is shown below.

**Table 5: Company Guidance**

Guidance	CY2018	CY2019
<b>Prominent Hill:</b>		
Copper production <sup>24</sup>	100,000–110,000t	95,000–105,000t
Gold production <sup>25</sup>	120,000–130,000oz	100,000–110,000oz
Underground ore movement	2.8–3.1Mt	3.5–4.0Mt
Underground unit mining costs <sup>26</sup>	\$45–55/t	–
Underground capital expenditure	\$50–60 million (inc. development)	–
Growth capital expenditure	\$20–25 million	–
Site sustaining capital expenditure	\$10–20 million	–
All-in Sustaining Cost <sup>27</sup>	US\$1.20–1.30/lb	–
C1 Cash Costs <sup>28</sup>	US\$0.75–0.85/lb	–
<b>Other:</b>		
Carrapateena construction capital	~\$500 million	–
West Musgrave Pre-Feasibility Study (including exploration)	\$20–30 million	–
Carrapateena province expansion	\$8–10 million	–
Concentrate Treatment Plant studies	Up to \$12 million	–
Exploration	\$10–15 million	–

<sup>22</sup> The information is extracted from the ASX Announcement entitled "West Musgrave Project to progress to Pre-Feasibility Study" released on 14 November 2017 and available to view at [https://www.ozminerals.com/uploads/media/171114\\_West\\_Musgrave\\_Project\\_to\\_progress\\_to\\_Pre-Feasibility\\_Study.pdf](https://www.ozminerals.com/uploads/media/171114_West_Musgrave_Project_to_progress_to_Pre-Feasibility_Study.pdf). OZ Minerals is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

<sup>23</sup> Calendar year spend only.

<sup>24</sup> These production targets must be read in conjunction with the production cautionary statement set out in OZ Minerals' 2017 Fourth Quarter Report presentation dated 17 January 2018 and available to view at [https://www.ozminerals.com/uploads/media/180117\\_2017\\_Fourth\\_Quarter\\_Report\\_Presentation.pdf](https://www.ozminerals.com/uploads/media/180117_2017_Fourth_Quarter_Report_Presentation.pdf). OZL confirms that all the material assumptions underpinning the production targets in OZ Minerals' 2017 Fourth Quarter Report presentation dated 17 January 2018 continue to apply and have not materially changed.

<sup>25</sup> See footnote 24.

<sup>26</sup> Underground Unit Mining Costs include geology costs and exclude underground capital expenditure.

<sup>27</sup> Source: IRESS as at 6 April 2018. 24-month share price data is up to and including 6 April 2018.

<sup>28</sup> See footnote 27.

### 3.7 Financial information on the OZ Minerals Group

(a) **Basis of presentation of historical financial information**

The historical financial information below relates to the OZ Minerals Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for the OZ Minerals Group for the financial periods described below, which include the notes to the accounts, can be found in OZ Minerals' annual reports for those periods.

(b) **Historical financial information of the OZ Minerals Group**

(1) **Statement of financial position**

The summarised historical statement of financial position of the OZ Minerals Group as at 31 December 2017 and 31 December 2016 set out below has been extracted from the audited consolidated statement of financial position of the OZ Minerals Group as at 31 December 2017, being the last balance date prior to the date of this Bidder's Statement.

**Table 6: Consolidated Statement of financial position**

At 31 December (\$ million)	2017	2016
<b>Current assets</b>		
Cash and cash equivalents	729.4	655.7
Trade receivables	121.9	69.4
Lease receivable	19.6	–
Other receivables	10.8	7.8
Inventories	262.5	197.1
Prepayments	3.9	4.9
Assets held for sale	–	9.4
<b>Total current assets</b>	<b>1,148.1</b>	<b>944.3</b>
<b>Non-current assets</b>		
Inventories	484.4	360.0
Investments in equity securities	18.0	18.2
Derivative financial instruments	–	5.1
Exploration assets – Carrapateena	–	284.9
Lease receivable	–	27.5
Property, plant and equipment	1,175.8	990.6
<b>Total non-current assets</b>	<b>1,678.2</b>	<b>1,686.3</b>
<b>Total assets</b>	<b>2,826.3</b>	<b>2,630.6</b>
<b>Current liabilities</b>		
Trade payable and accruals	94.1	74.4
Other payables	3.5	3.0
Current tax provision	101.1	69.0
Employee provisions	10.0	9.0
Provisions	6.7	8.3
Derivative financial instruments	11.6	11.1
<b>Total current liabilities</b>	<b>227.0</b>	<b>174.8</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	47.4	63.5
Employee benefits	1.8	2.0
Provisions	29.1	36.0
Derivative financial instruments	4.7	–
<b>Total non-current liabilities</b>	<b>83.0</b>	<b>101.5</b>
<b>Total liabilities</b>	<b>310.0</b>	<b>276.3</b>

<b>Net assets</b>	<b>2,516.3</b>	<b>2,354.3</b>
<b>Equity</b>		
Issued capital	2,029.0	2,029.0
Cash flow hedge reserve	(3.6)	3.6
Retained earnings	492.3	323.8
Treasury shares	(1.4)	(2.1)
<b>Total equity attributable to equity holders of OZ Minerals Limited</b>	<b>2,516.3</b>	<b>2,354.3</b>

(2) **Statement of financial performance**

The summarised historical statement of financial performance of the OZ Minerals Group for the periods ended 31 December 2017 and 31 December 2016 shown below has been extracted from the audited consolidated statement of financial performance for the year ended 31 December 2017.

**Table 7: Consolidated Statement of financial performance**

<b>For the year ended 31 December (\$ million)</b>	<b>2017</b>	<b>2016</b>
Revenue	1,023.1	822.9
Net foreign exchange gains	(6.3)	2.7
Other income	5.0	6.8
Changes in inventories of ore and concentrate	190.2	227.8
Consumables and other direct costs	(332.3)	(313.7)
Employee benefit expenses	(56.2)	(60.4)
Exploration and evaluation expenses	(21.1)	(29.3)
Freight expenses	(63.6)	(52.9)
Royalties expenses	(52.9)	(42.2)
Depreciation expense	(323.5)	(361.5)
Restructuring expenses – employee benefits	–	–
Legal costs associated with Class Action	–	(37.9)
Other expenses	(41.7)	(35.1)
<b>Profit before net financing income and income tax</b>	<b>320.7</b>	<b>127.2</b>
Financing income	12.5	13.8
Financing expenses	(3.8)	(4.8)
Net financing income	8.7	9.0
<b>Profit before income tax</b>	<b>329.4</b>	<b>136.2</b>
Income tax expense	(98.3)	(28.4)
<b>Profit for the year attributable to equity holders of OZ Minerals</b>	<b>231.1</b>	<b>107.8</b>
<b>Other comprehensive loss</b>		
<i>Items that will not be reclassified subsequently to Income Statement</i>		
Change in fair value of investments in equity securities, net of tax	(0.2)	(10.3)
<i>Items that may be reclassified to Income Statement</i>		
Net gains / (losses) on cash flow hedges, net of tax	(7.2)	3.6
Other comprehensive gain / (loss) for the year, net of tax	(7.4)	(6.7)
<b>Total comprehensive income for the year attributable to equity holders of OZ Minerals</b>	<b>223.7</b>	<b>101.1</b>
<b>Basic and diluted earnings per share (cents)</b>		
Basic and diluted earnings per share (cents)	77.4	35.7

(c) **Management commentary on historical results**

**Overview**

OZ Minerals' net profit after tax for 2017 was \$231.1 million, which was an increase of \$123.3 million (or 114%) compared to 2016. Strong production performance at Prominent Hill in 2017 enabled OZ Minerals to fully capitalise on

the strong copper price and deliver an underlying net annual profit after tax of \$231.1 million, an increase of \$96.8 million (or 72%) compared to 2016. EBITDA margins improved by 18% year on year despite the marginally lower volume of copper sold. OZ Minerals' cash balance of \$729.4 million as at 31 December 2017 reflects an increase of \$73.7 million compared to 2016 after capital investment at Carrapateena, expenditure on exploration activities, tax payments and dividend payments to shareholders.

#### **Net revenue**

2017 revenue was \$188.2 million higher than 2016 revenue as solid production from Prominent Hill benefited from strong copper prices. Contained copper sales of 112,288t were comparable to 2016 while gold sales of 132,285oz were 21% higher. In 2017 the average A\$ copper price was 25% higher than in 2016, while the average A\$ gold price was 2% higher. Treatment charges and refining costs (TCRC) were lower by \$12 million as a result of improved trading terms and lower refining charges.

#### **Cost of goods sold**

Cost of goods sold in 2017 was higher than the previous year by \$59.8 million resulting from an increased proportion of underground ore, higher power costs and royalties attributable to the higher revenue base.

Mining costs were \$20.6 million lower in 2017 as a result of the reduction in open pit mining activity (\$41 million), offset by increased higher grade underground mining of \$20.4 million. As a result of the declining open pit mine strip ratio (approximately 0.5:1 in 2017 compared to 1:1 in 2016), the deferral of mining costs to the balance sheet was also lower by \$32.6 million in 2017.

Processing costs increased by \$7.7 million, primarily due to higher power prices.

Royalties expenses increased by \$10.7 million due to higher sales revenue compared to the prior period.

During the year, 10Mt of ore was milled (2016: 9.8Mt), including 2.5Mt of underground ore (2016: 2.1Mt). The cash inventory adjustment of \$68.7 million in 2017 was \$16.7 million lower than 2016 as open pit mining reduced in line with the mine plan and was partially displaced by increased underground ore production. 6.1Mt of open pit ore was stockpiled compared to 7.7Mt in 2016.

#### **Other costs**

Exploration and evaluation costs of \$16.3 million were incurred during the year in progressing the West Musgrave project and other exploration earn-in arrangements and \$5 million was incurred in relation to corporate development, including due diligence costs associated with reviewing other non-organic growth opportunities. During the year \$3 million in government grant funding was received relating to the development of the Concentrate Treatment Plant technology.

Corporate general and administration costs of \$31.5 million comprised costs incurred in direct support of operating activities (\$11 million) and those related to largely corporate activities (\$20.5 million). Costs allocated to support operating activities covered a range of services and expenditure provided at the corporate office to the Prominent Hill, Carrapateena, and Exploration and Development operating segments. These included costs for sales and marketing, strategic sourcing, business services, information technology and insurance.

The income tax expense of \$98.3 million was higher than the previous year as a result of the higher profit and the benefit of tax losses recognised in the previous year.

Net depreciation and amortisation expense increased by \$10 million compared to 2016. This was predominantly due to the higher value ore milled.

### **3.8 Publicly available information about OZ Minerals**

OZ Minerals is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, OZ Minerals is subject to the ASX Listing Rules which require continuous disclosure of any information OZ Minerals has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. OZ Minerals' file is available for inspection at the ASX during normal business hours.

In addition, OZ Minerals is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by OZ Minerals may be obtained from, or inspected at, an ASIC office.

On request to OZ Minerals and free of charge, Avanco Shareholders may obtain a copy of:

- the annual financial report of OZ Minerals for the year ended 31 December 2017 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC); and
- any continuous disclosure notice given to the ASX by OZ Minerals since the lodgement with ASIC of the 31 December 2017 annual report for OZ Minerals referred to above and before lodgement of this Bidder's Statement with ASIC.

A substantial amount of information about OZ Minerals is available in electronic form from: [www.ozminerals.com](http://www.ozminerals.com).

## 4 Information on OZ Minerals' securities

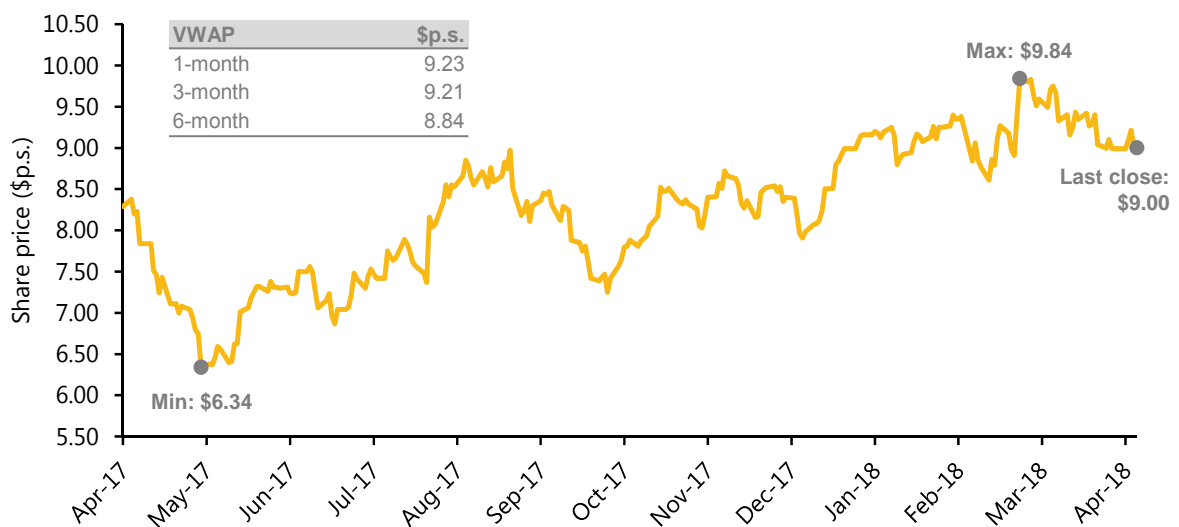
### 4.1 OZ Minerals issued securities

As at the date of this Bidder's Statement, OZ Minerals' issued securities consisted of:

- 298,664,750 fully paid ordinary shares; and
- 2,400,085 performance rights.

### 4.2 Recent trading performance of OZ Minerals Shares

Figure 6: OZ Minerals 12-month share price chart<sup>29</sup>



### 4.3 Dividend history

OZ Minerals has previously paid dividends, as follows:

Table 8: Dividend history

Record date	Payment date	Unfranked cents per OZ Minerals Share	Fully franked cents per OZ Minerals Share	Total dividends (\$ million)
12 March 2018	26 March 2018	–	14	41.8
7 September 2017	21 September 2017	–	6	17.9
10 March 2017	24 March 2017	–	14	41.8
9 September 2016	23 September 2016	6 <sup>30</sup>	–	18.1
24 February 2016	10 March 2016	14 <sup>31</sup>	–	42.5

<sup>29</sup> Source: IRESS as at 6 April 2018. 12-month share price data and VWAP calculations are up to and including 6 April 2018.

<sup>30</sup> The unfranked dividends were declared to be conduit foreign income for Australian income tax purposes.

<sup>31</sup> See footnote 30.

The OZ Minerals Board's current policy is to target a minimum dividend payment of 20% of net cash generation, while maintaining a strong balance sheet for new investments and capital management. The OZ Minerals Board declared a total, fully-franked dividend for 2017 of \$0.20 per OZ Minerals Share, made up of a half year payment of \$0.06 per OZ Minerals Share and an end-year payment of \$0.14 per OZ Minerals Share.

The final dividend was paid on 26 March 2018. The financial impact of the dividend, amounting to \$41.8 million, was not recognised in the consolidated financial statements for the financial year ending 31 December 2017 and will be recognised in subsequent consolidated financial statements.

The declaration and payment of dividends remains at the discretion of the OZ Minerals Board, and actual dividends may vary from the annual target.

#### 4.4 Rights and liabilities attaching to OZ Minerals Shares

##### (a) Introduction

The rights and liabilities attaching to the OZ Minerals Shares which will be issued as the consideration under the Offer are set out in OZ Minerals' constitution and are subject to the Corporations Act and the ASX Listing Rules.

The main rights and liabilities attaching to the OZ Minerals Shares are summarised below. This summary does not purport to be exhaustive and must be read subject to the full text of OZ Minerals' constitution, available at the OZ Minerals website: [www.ozminerals.com.au/about/corporate-governance](http://www.ozminerals.com.au/about/corporate-governance).

##### (b) Issue of further shares

The OZ Minerals Board may from time to time issue further shares in the capital of the company.

##### (c) Transfer of Shares

OZ Minerals Shares are freely transferable.

##### (d) Voting rights

At a meeting of OZ Minerals shareholders, each holder is entitled to attend and vote in person, by proxy, by attorney or by representative. Each OZ Minerals shareholder has one vote for each share held.

##### (e) Dividends

Holders of OZ Minerals Shares will have the right to participate fully in all dividends, other distributions and entitlements declared by OZ Minerals.

##### (f) Winding up

If OZ Minerals is wound up, the liquidator can divide the assets of OZ Minerals among its contributories in any way the liquidator thinks fit.

#### 4.5 OZ Minerals Share Plan

As at the date of this Bidder's Statement, OZ Minerals currently has performance rights plans (**PRPs**) and long term incentive plans (**LTIPs**) in place.

Performance rights granted under the PRPs or LTIPs are not entitled to dividends nor have voting rights. One ordinary share in OZ Minerals is allocated on vesting of a performance right.

All performance rights under current performance rights plans are automatically exercised upon vesting which is dependent upon meeting both the service condition (continuous employment with OZ Minerals for three years) and the performance condition. The shares on vesting of performance rights rank equally in all respects with previously issued fully paid ordinary shares when issued.



If a performance right holder's employment is terminated for cause, or if they resign, all unvested performance rights will lapse unless the OZ Minerals Board determines otherwise.

#### 4.6 Substantial holders in OZ Minerals Shares

As at the date of this Bidder's Statement, so far as known to OZ Minerals Brazil based on publicly available information, there are no substantial holders of OZ Minerals Shares, except as set out below:

Substantial holder	Number of OZ Minerals Shares held	Voting power
Dimensional Entities	21,336,936	7.14%
BlackRock Group	19,650,404	6.58%

## 5 Information on Avanco and Avanco Group

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### 5.1 Overview of Avanco

Avanco is the holding company of the Avanco Group.

Avanco is an Australian copper mining company listed on the ASX and operating in the Carajás copper province and Gurupi gold belt in Brazil.

Antas is Avanco's current flagship asset. It is a high grade open pit operating copper-gold mine which commenced commercial production in July 2016. Avanco plans to expand through its large portfolio of exploration tenements and the development of new projects, notably Pedra Branca, Pantera and CentroGold.

### 5.2 Directors

As at the date of this Bidder's Statement, there are six directors of Avanco. The directors of Avanco are as follows:

- (a) Vernon Tidy – Interim Independent Non-Executive Chairman
- (b) Anthony Polglase – Managing Director
- (c) Simon Mottram – Executive Director
- (d) Luis Azevedo – Executive Director
- (e) Luiz Ferraz – Non-Executive Director
- (f) Paul Chapman – Independent Non-Executive Director

### 5.3 Principal activities of Avanco and Avanco Group

A brief summary of Avanco's principal operations and projects is set out below.

#### (a) **Antas**

Antas is an operating high-grade open pit copper-gold mine. It was discovered by Avanco in 2011, developed under budget in under 12 months and, after entering commercial production in July 2016, is now operating above its original design capacity. Near mine exploration targets provide potential upside to mine life and production.

Avanco's production guidance for 2018 is 12,000–13,000t of copper in concentrate.

#### (b) **Pedra Branca**

Pedra Branca is an undeveloped copper project located approximately 50km southwest of Antas. The project is comprised of two adjacent high-grade copper-gold deposits, Pedra Branca East and Pedra Branca West.

The East Zone is the first zone being prepared for production targeting 24,000t of copper annually, with the potential to supplement this from Pedra Branca West, subject to further technical studies.

#### (c) **Pantera**

In January 2018, Avanco announced that it had agreed terms for an option to acquire 100% of the Pantera copper project from Vale. The Pantera license covers approximately 100km<sup>2</sup>. Pantera is located near Avanco's existing operations in the world class Carajás Mineral Province. It is characterised by high-grade copper-gold and has potential to add scale and longevity to Avanco's operations.

An initial 5,000m drilling program yielded a maiden Inferred Mineral Resource estimate shown in section 5.4.

(d) **CentroGold**

The CentroGold project is located in Maranhão, northern Brazil and was wholly acquired by Avanco in October 2017. CentroGold comprises approximately 1,370km<sup>2</sup> of tenements situated along a highly prospective and under explored 75km greenstone trend.

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

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

OZ Minerals intends to undertake an execution review of Avanco's various deposits and exploration targets once it assumes operating control of Avanco in order to maximise the value of those assets.

## 5.4 Avanco's Ore Reserves and Mineral Resources

Avanco's Ore Reserves and Mineral Resources as at 21 March 2018 are shown below.

**Table 9: Carajás Copper - Mineral Reserves<sup>32</sup>**

Deposit	Ore (Mt)	Grade		Contained metal	
		Cu (%)	Au (g/t)	Cu (t)	Au (oz)
Antas + mine stockpiles	2.78	2.4	0.5	66,300	47,200
<b>Total Reserves</b>	<b>2.78</b>	<b>2.4</b>	<b>0.5</b>	<b>66,300</b>	<b>47,200</b>

**Table 10: Carajás Copper - Mineral Resources (inclusive of reserves)<sup>33</sup>**

Deposit	Ore (Mt)	Grade		Contained metal	
		Cu (%)	Au (g/t)	Cu (t)	Au (oz)
Antas	19.84	1.1	0.2	234,400	169,100
Pedra Branca	17.67	2.44	0.65	427,000	357,000
Pantera	20.8	1.7	0.2	350,000	140,000
<b>Total Resources</b>	<b>58.31</b>	<b>1.7</b>	<b>0.3</b>	<b>1,011,400</b>	<b>666,100</b>

**Table 11: CentroGold - Mineral Resources (inclusive of reserves)<sup>34</sup>**

Deposit	Ore (Mt)	Grade	Contained metal
		Au (g/t)	Au (oz)
CentroGold	32.8	2.1	2,217,000
<b>Total Resources</b>	<b>32.8</b>	<b>2.1</b>	<b>2,217,000</b>

<sup>32</sup> ASX Announcement titled "CentroGold – Scoping Study" released on 10 April 2018 and available to view at <https://www.asx.com.au/asxpdf/20180410/pdf/43t2vtcz199rj0.pdf>. These statements have not been independently verified by OZ Minerals Brazil.

<sup>33</sup> See footnote 32.

<sup>34</sup> See footnote 32.

## 5.5 Financial information on the Avanco Group

### (a) Basis of presentation of historical financial information

The historical financial information below relates to Avanco on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for Avanco for the financial periods described below, which include the notes to the accounts, can be found in Avanco's annual reports for those periods.

### (b) Historical financial information on the Avanco Group

#### (1) Statement of financial position

The summarised historical statement of financial position of the Avanco Group as at 31 December 2017 and 31 December 2016 set out below has been extracted from the audited consolidated statement of financial position of the Avanco Group as at 31 December 2017, being the last balance date prior to the date of this Bidder's Statement.

**Table 12: Statement of financial position – 31 December 2017 and 31 December 2016**

At 31 December (US\$'000)	2017	2016
<b>Current Assets</b>		
Cash and cash equivalents	24,362	22,866
Trade and other receivables	11,300	7,786
Inventories	7,785	9,032
Derivative asset	11	-
<b>Total Current Assets</b>	<b>43,458</b>	<b>39,684</b>
<b>Non-Current Assets</b>		
Trade and other receivables	1,583	2,201
Deferred exploration and evaluation expenditure	38,595	21,203
Property, plant and equipment	50,123	61,060
Deferred taxation	2,457	-
<b>Total Non-Current Assets</b>	<b>92,758</b>	<b>84,464</b>
<b>Total Assets</b>	<b>136,216</b>	<b>124,148</b>
<b>Current Liabilities</b>		
Trade and other payables	15,482	10,382
Current tax liability	2,191	2,620
Financial liability	2,984	4,861
Derivative liability	92	-
<b>Total Current Liabilities</b>	<b>20,749</b>	<b>17,863</b>
<b>Non-current Liabilities</b>		
Trade and other payables	4,272	943
Financial liability	10,195	9,182
Provisions	9,551	7,186
Deferred taxation	-	535
<b>Total Non-current Liabilities</b>	<b>24,018</b>	<b>17,846</b>
<b>Total Liabilities</b>	<b>44,767</b>	<b>35,709</b>
<b>Net Assets</b>	<b>91,449</b>	<b>88,439</b>

<b>Equity</b>		
Issued capital	132,282	132,282
Reserves	(26,585)	(29,243)
Accumulated losses	(14,248)	(14,600)
<b>Total Equity</b>	<b>91,449</b>	<b>88,439</b>

(2) **Statement of financial performance**

The summarised historical statement of financial performance of the Avanco Group for the periods ended 31 December 2017 and 31 December 2016 shown below has been extracted from the audited consolidated statement of financial performance for the year ended 31 December 2017.

**Table 13: Statement of financial performance – 31 December 2017 and 31 December 2016**

<b>For the year ended 31 December (US\$'000)</b>	<b>2017</b>	<b>2016</b>
Sales Revenue	90,325	54,719
Production costs	(46,234)	(28,523)
Royalties	(2,602)	(1,580)
Transport and freight	(7,740)	(5,112)
Change in stockpile inventory	(2,000)	4,139
Depreciation, amortisation	(14,506)	(11,417)
Cost of sales	(73,082)	(42,493)
<b>Gross profit</b>	<b>17,243</b>	<b>12,226</b>
<b>Expenses</b>		
General and administration	(5,500)	(3,712)
Financial income	181	395
Financial expense	(4,338)	(3,587)
Net foreign exchange (loss)/ profit	(58)	16
Impairment of property plant	(443)	-
Impairment of exploration	-	(1,033)
Net loss on derivatives	(480)	-
Change in financial liability	(179)	(928)
Share-based payments	(510)	(1,786)
Other expenses	(2,582)	(546)
Total expenses	(13,909)	(11,181)
<b>Profit before income tax</b>	<b>3,334</b>	<b>1,045</b>
Income tax expense	(834)	(3,707)
<b>Net profit/ (loss) for the year</b>	<b>2,500</b>	<b>(2,662)</b>
<b>Other Comprehensive income</b>		
Other comprehensive profit/ (loss)	-	-
<b>Total comprehensive profit/ (loss)</b>	<b>2,500</b>	<b>(2,662)</b>
<b>Earnings/ (loss) per share attributable to shareholders</b>		
Basic and diluted earnings/ (loss) per share (cents per share)	0.10	(0.11)

## **5.6 Publicly available information about Avanco Group**

Avanco is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Avanco is subject to the ASX Listing Rules which require continuous disclosure of any information Avanco has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. Avanco's file is available for inspection at the ASX during normal business hours.

In addition, Avanco is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Avanco may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Avanco is available in electronic form from Avanco's website: [www.avancoresources.com](http://www.avancoresources.com).

## 6 Information on Avanco's securities

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### 6.1 Avanco's issued securities

According to documents provided by Avanco to the ASX, as at the date of this Bidder's Statement, Avanco's issued securities consisted of:

- 2,456,906,443 Avanco Shares; and
- 195,250,000 Avanco Options.

### 6.2 Avanco Share and Option Plans

According to documents provided by Avanco to the ASX, as at the date of this Bidder's Statement, Avanco currently has an employee share option plan (**ESOP**) in place. Under the ESOP, Avanco may invite executive officers, nominated consultants and employees of Avanco and its subsidiaries to participate in the ESOP and receive Avanco Options.

The Avanco Options convert to ordinary shares on a 1:1 basis. They do not carry any dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

On resignation of a participant, any unvested Avanco Options may be forfeited at the Board's discretion.

### 6.3 Avanco Options

According to documents provided by Avanco to the ASX, Avanco Options have been issued by Avanco.

So far as is known to OZ Minerals, the exercise prices and expiry dates for the Avanco Options on issue as at the date of this Bidder's Statement are as follows:

Exercise price	Expiry date	Number issued
\$0.10	31 December 2020	11,000,000
\$0.10	31 December 2019	34,250,000
\$0.10	30 June 2018	150,000,000

### 6.4 Interests in Avanco securities

As at the date of this Bidder's Statement and the date of the Offer:

- OZ Minerals Brazil's voting power in Avanco was 18.45%;<sup>35</sup> and
- OZ Minerals Brazil had a relevant interest in 453,307,418 Avanco Shares.

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<sup>35</sup> This represents the shares subject to the pre-bid acceptance deed with Appian (details of which are given in section 6.8). Until Appian accepts the Offer, Appian retains the right to vote those shares in general meetings of Avanco.

## 6.5 Dealings in Shares

### (a) Previous four months

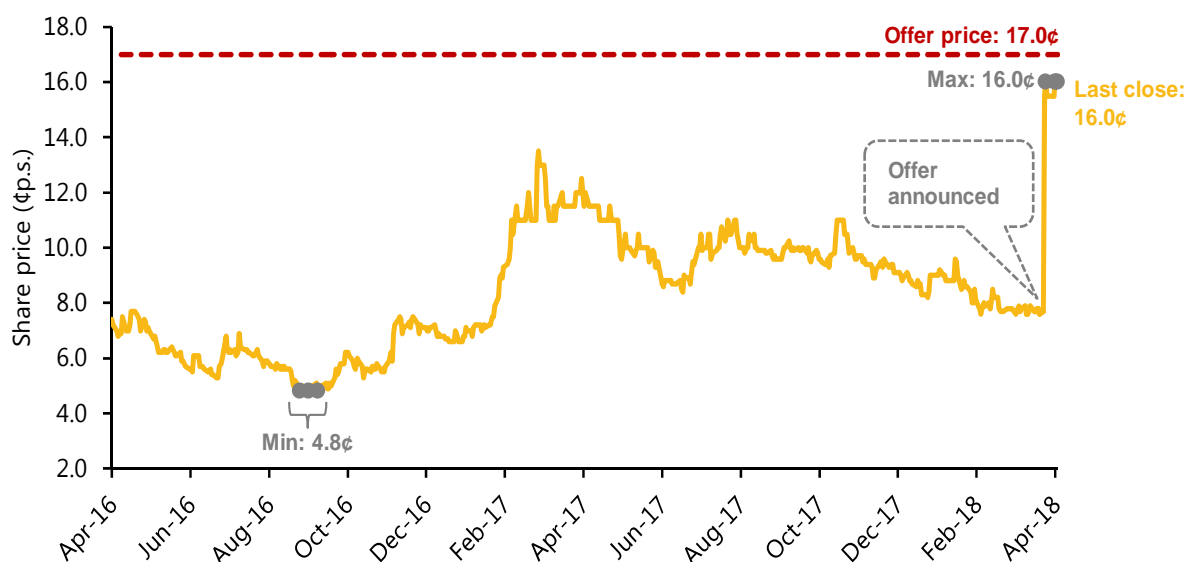
Neither OZ Minerals Brazil nor any associate of OZ Minerals Brazil has provided, or agreed to provide, consideration for Avanco Shares or Avanco Options under any purchase or agreement during the four months before the date of this Bidder's Statement.

### (b) Period before Offer

Neither OZ Minerals Brazil nor any associate of OZ Minerals Brazil has provided, or agreed to provide, consideration for Avanco Shares or Avanco Options under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

## 6.6 Recent trading performance of Avanco

Figure 7: Avanco 24-month share price chart<sup>36</sup>



## 6.7 Effect of the Offer on Avanco Options

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

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

<sup>36</sup> Source: IRESS as at 6 April 2018. 24-month share price data is up to and including 6 April 2018, the day prior to the date of this Bidder's Statement.



Under the terms of the Bid Implementation Deed between OZ Minerals and Avanco dated 27 March 2018 (described further in section 12.1), Avanco has agreed to make offers to each holder of Avanco Options (other than Key Management Personnel) in a form approved by OZ Minerals to cancel each of their Avanco Options for a cash price of \$0.07 each (being the in-the money-value of each Avanco Option as at the date on the Bid Implementation Deed, based on the market price of OZ Mineral Shares), conditional on:

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

## 6.8 Pre-bid acceptance agreement and intention statements

A number of Avanco Shareholders have indicated they intend to accept the Offer in the absence of a superior proposal. Below are further details on the arrangements with, or statements given, by these Avanco Shareholders.

- (a) Appian has entered into a Pre-Bid Acceptance Deed with OZ Minerals under which Appian has agreed to accept the Offer when requested by OZ Minerals at any time after the date which is 15 Business Days after the Offer becomes open for acceptance, in the absence of a superior proposal and subject to certain other conditions, in respect of its relevant interest in 453,307,418 Avanco Shares representing 18.45% of all Avanco Shares.<sup>37</sup> If OZ Minerals acquires Appian's Avanco Shares under the Pre-Bid Acceptance Deed and subsequently sells them to a competing bidder (whether under takeover or scheme of arrangement), OZ Minerals will pay Appian an amount equal to the difference between the value of consideration received for the shares and the two day VWAP for Avanco Shares prior to the announcement of the competing offer or competing scheme. A copy of the Pre-Bid Acceptance Deed was lodged with the ASX on 28 March 2018.
- (b) BlackRock, which acts as investment manager on behalf of clients who are beneficial holders of or have interests in Avanco Shares (including interests in funds in which Avanco Shares are held), has stated that its current intention is to accept the Offer in respect of the 286,238,522 Avanco Shares it holds a relevant interest in, representing 11.65% of all Avanco Shares,<sup>38</sup> in the absence of a superior proposal and subject to the conditions of the Offer being fulfilled.  
  
BlackRock (subject to applicable law) reserves and retains the right to deal with the Avanco Shares described above on behalf of its clients in its absolute discretion and/or on the instructions of its clients or otherwise (including without limitation, a transfer of Avanco shares to any replacement investment manager or custodian nominated by its client(s) in circumstances where such client(s) has/have terminated BlackRock's professional relationship in respect of the Avanco shares). BlackRock's statement of intention was not and was not intended to be legally binding and shall neither have any legal effect nor create any legal obligation or liability on any member of the BlackRock group or any of its clients. BlackRock's statement of intention relates not to a specific number of Avanco shares but to such number of Avanco Shares BlackRock has the authority to commit to the Offer at the time it accepts the Offer.
- (c) Avanco Directors and certain Avanco Management, who collectively own or control 14,045,196 Avanco Shares representing 0.57% of all Avanco Shares<sup>39</sup> have stated they intend to accept the Offer with respect to all of their Avanco

<sup>37</sup> See footnote 1.

<sup>38</sup> See footnote 1.

<sup>39</sup> See footnote 1. Based on Avanco's ASX announcement titled "Recommended cash and scrip offer by OZ Minerals" released 27 March 2018 and available at <https://www.asx.com.au/asxpdf/20180327/pdf/43srbq36jq2w0s.pdf>.

Shares in the absence of a superior proposal and no earlier than 21 days following the date of this Offer. This is in addition to statements of intention by the Key Management Personnel described in section 6.7 to accept the Offer (in the absence of a superior proposal) for any new Avanco Shares issued upon exercise of their Avanco Options.

Collectively, 753,591,136 Avanco Shares representing 30.67% of all Avanco Shares,<sup>40</sup> are subject to the agreements and statements set out above.

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<sup>40</sup> See footnote 1.

## 7 Sources of consideration

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### 7.1 Total consideration

The consideration for the acquisition of the Avanco Shares to which the Offer relates will be satisfied partly by the issue of OZ Minerals Shares and partly by the payment of cash.

The maximum number of OZ Minerals Shares which would become payable under the Offer if acceptances are received in respect of Avanco Shares on issue as at the date of this Bidder's Statement is approximately 22,112,158.

In addition, if all holders of Avanco Options on issue as at the date of this Bidder's Statement exercise their Avanco Options and accept the Offer in respect of the Avanco Shares issued to them during the Offer Period, then an additional amount of approximately 1,757,250 OZ Minerals Shares would become payable. If this additional number of OZ Minerals Shares also becomes payable, the total number of OZ Minerals Shares which would become payable under the Offer is approximately 23,869,408.

OZ Minerals has the capacity to issue the maximum number of OZ Minerals Shares which it may be required to issue under the Offer.

If acceptances are received for all Avanco Shares on issue as at the date of this Bidder's Statement, the amount of cash that OZ Minerals Brazil would be required to pay under the Offer would be approximately \$208,837,048.

In addition, if holders of all Avanco Options on issue as at the date of this Bidder's Statement exercise their Avanco Options and accept the Offer in respect of the Avanco Shares issued to them during the Offer Period, an additional \$16,596,250 will be payable by OZ Minerals Brazil under the Offer.

Accordingly, the maximum amount of cash that OZ Minerals Brazil could be required to pay under the Offer is \$225,433,298, excluding transaction costs.

### 7.2 Sources of cash consideration

The cash consideration payable under the Offer will be provided from the internal cash reserves of OZ Minerals, which will be made available to OZ Minerals Brazil.

## 8 OZ Minerals' intentions in relation to Avanco

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### 8.1 Introduction

OZ Minerals Brazil has been established for the purpose of making the Offers. Accordingly, the intentions of OZ Minerals Brazil are the same as the intentions of OZ Minerals.

The intentions of OZ Minerals are set out in this section of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning Avanco, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by OZ Minerals in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

### 8.2 Overview and rationale for the Offer

The Offer is consistent with OZ Minerals' objective of becoming a multi-asset, copper-core, global modern mining company. The acquisition of Avanco will provide OZ Minerals with a potential organic pathway to seven mines in the next six years (Prominent Hill, Carrapateena, West Musgrave, Antas, CentroGold, Pedra Branca and Pantera). OZ Minerals will have expansive land holdings in Australia and Brazil with significant exploration and consolidation potential for long term growth, and a strong balance sheet position that preserves flexibility to maximise shareholder value.

The acquisition of Avanco would immediately add to OZ Minerals' copper production profile and provide expansion options in the highly prospective Carajás copper province and Gurupi gold belt in Brazil.

### 8.3 Intentions for Avanco as a wholly owned controlled entity

This section 8.3 describes OZ Minerals' intentions if OZ Minerals and its associates acquire a relevant interest in 90% or more of Avanco Shares, and so becomes entitled to proceed to compulsory acquisition of outstanding Avanco Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, OZ Minerals' current intentions are as follows.

#### (a) Corporate matters

OZ Minerals intends to:

- proceed with compulsory acquisition of the outstanding Avanco Shares in accordance with the provisions of Part 6A.1 of the Corporations Act;
- cause Avanco to make offers to each holder of Avanco Options (other than Key Management Personnel) in a form approved by OZ Minerals to cancel their Avanco Options for a price equal to \$0.07 each;
- apply for Avanco to be removed from the official list of the ASX; and
- replace Avanco non-executive directors with the nominees of OZ Minerals, while retaining the current Avanco executive directors. Replacement Avanco non-executive directors have not yet been identified by OZ Minerals and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement Avanco non-executive directors will be members of the OZ Minerals management team.
- retain the existing Managing Director of Avanco.

**(b) General execution review**

After the end of the Offer Period, OZ Minerals intends to conduct an immediate, broad based execution review of Avanco's operations on both a strategic and financial level to:

- evaluate Avanco performance, profitability and prospects; and
- seek to optimize Avanco's asset portfolio, improving operating costs and accelerate growth.

**(c) Specific intentions**

OZ Minerals will retain and benefit from Avanco's in-country Brazilian management team and employees, who have a proven track record of project delivery and maintaining strong local stakeholder relationships in Brazil.

A strong team combined with OZ Minerals' devolved operating model enables Avanco's Brazilian assets to be bolted on to OZ Minerals' business, simplifying integration.

**(d) Impact on Employees**

As a result of the implementation of the above intentions, it is possible that certain operational functions, for example, those relating to the maintenance of Avanco's listing on the ASX, and some head office functions will become redundant. Some job losses may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance. OZ Minerals Brazil does not expect any in-country job losses to occur in Brazil.

Where possible, OZ Minerals will seek to minimise job losses through redeployment of the relevant employees elsewhere in the OZ Minerals Group. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

**8.4 Intentions for Avanco as a part owned controlled entity**

This section 8.4 describes OZ Minerals' intentions if Avanco becomes a controlled entity of OZ Minerals Brazil, but OZ Minerals Brazil is not entitled to proceed to compulsory acquisition of Avanco in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, OZ Minerals' current intentions are as follows:

**(a) Implement OZ Minerals' strategic objectives**

Unless specifically set out below, to implement the intentions set out in section 8.3 to the extent possible.

**(b) Replace Avanco Directors and/or appointment of new Avanco Directors**

To seek to replace some or all non-executive Avanco Directors with nominees of OZ Minerals (subject to any requirement to have independent directors applicable from time to time).

**(c) Steps may be taken to delist Avanco from the ASX**

To cause Avanco to apply to the ASX for removal from the official list as soon as it is in a position to do so, subject to meeting the ASX's requirements.

**(d) Exercise rights of compulsory acquisition if and when available**

To exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act if OZ Minerals Brazil becomes entitled to do so, for example, as a result of acquisitions of Avanco Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act.

**(e) Funding**

New external capital may be required to fund Avanco's operations and development projects in the future. OZ Minerals will review how best to fund Avanco's activities which, depending on the circumstances at the time, may include raising new equity.

**(f) Distributions**

OZ Minerals will review the existing distribution policy for Avanco but intends to limit distributions in the near term given Avanco's current cash on balance sheet, expected operating cash flow generation and potential capital requirements in the future.

**(g) Information**

To agree information and disclosure protocols with the Avanco Board for the purpose of facilitating OZ Minerals' financial results preparation and reporting.

The ability of OZ Minerals and OZ Minerals Brazil to implement the intentions set out in this section 8.4 will be subject to the legal obligations of Avanco Directors to have regard to the interests of Avanco and all Avanco Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. OZ Minerals will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

**8.5 Intentions for Avanco if not controlled by OZ Minerals**

OZ Minerals Brazil reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (or any other condition) to the Offer. However, it has made no decision as to whether it will do so.

This section 8.5 describes OZ Minerals' intentions if OZ Minerals were to declare the Offer free of the 50.1% minimum acceptance condition and if Avanco does not become a controlled entity of OZ Minerals.

In that circumstance:

- OZ Minerals does not expect to be in a position to give effect to the intentions set out in sections 8.3 or 8.4 of this Bidder's Statement (other than OZ Minerals' intention to request appointment of OZ Minerals nominees as Avanco directors); and
- OZ Minerals' current intention is to continue to hold any Avanco Shares acquired with a view to maximising returns for OZ Minerals' shareholders (this may result in OZ Minerals Brazil and its Associates acquiring additional shares, to the extent permitted by law).

**8.6 Other intentions**

Subject to the matters described above in this section 8 and elsewhere in this Bidder's Statement and, in particular, the completion of the execution review of Avanco operations, it is the intention of OZ Minerals, on the basis of the facts and information concerning Avanco that are known to it and the existing circumstances affecting the assets and operations of Avanco at the date of this Bidder's Statement, that:

- the business of Avanco will be conducted in the same manner as at the date of this Bidder's Statement;
- there will be no redeployment of the fixed assets of Avanco; and
- the present employees of Avanco will, for the most part, continue to be employed by Avanco or its Subsidiaries.

## 9 Effect of the Offer on OZ Minerals and profile of the Combined Group

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### 9.1 Profile of the Combined Group

The acquisition of Avanco will help solidify OZ Minerals' position as a leading Australia ASX listed metals producer, creating a larger, more diversified, growth oriented company with a stronger portfolio of assets across various stages of development.

Following the completion of the Offer, the Combined Group will have the following key attributes:

- a larger Ore Reserve and Mineral Resource base;
  - Combined Ore Reserves of 2.2Mt contained copper and 3.3Moz contained gold;<sup>41</sup> and
  - Combined Mineral Resources of 4.6Mt contained copper and 9.0Moz of contained gold;<sup>42</sup>
- an expanded portfolio of globally diversified growth opportunities, across various stages of development, including a potential pathway to seven mines in the next six years across two tier 1 mining jurisdictions, Australia and Brazil (Prominent Hill, Carrapateena, West Musgrave, Antas, Pedra Branca, Pantera and CentroGold);
- an enhanced production profile, reducing single operating asset risk;
- a pro-forma market capitalisation of up to \$2,887 million;<sup>43</sup>
- a consolidated and highly experienced management team with a proven track record in project delivery in both Australia and Brazil, with both open pit and underground capabilities; and
- a strong balance sheet with \$547 million<sup>44</sup> in cash and no debt, which will help preserve flexibility in relation to the Combined Group's capital management initiatives and growth opportunities.

### 9.2 Pro forma consolidated financial statements for the Combined Group

This section 9.2 provides an overview of the unaudited pro forma balance sheet of OZ Minerals as at 31 December 2017 to show the effect of 100% ownership of Avanco by OZ Minerals Brazil.

The impact of earnings is not considered material to the Combined Group Income statements and hence is not provided.

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<sup>41</sup> See sections 3.5 and 5.4 for further details. Based on Avanco Ore Reserves of 66.3kt contained copper and 47.2koz contained gold, ASX Announcement titled "CentroGold – Scoping Study" released 10 April 2018 and available to view at <https://www.asx.com.au/asxpdf/20180410/pdf/43t2vtcz199rj0.pdf>. These statements have not been independently verified by OZ Minerals Brazil.

<sup>42</sup> See sections 3.5 and 5.4 for further details. Excludes West Musgrave. Based on Avanco Minerals Resources of 1,011.4kt of contained copper and 2,883.1Moz of contained gold, ASX Announcement titled "CentroGold – Scoping Study" released 10 April 2018 and available to view at <https://www.asx.com.au/asxpdf/20180410/pdf/43t2vtcz199rj0.pdf>. These statements have not been independently verified by OZ Minerals Brazil.

<sup>43</sup> Calculated as OZ Minerals share price of \$9.00 per share as at 6 April 2018 multiplied by 320.8 million pro forma OZ Minerals Shares following the Offer. 320.8 million pro forma OZ Minerals Shares assumes 100% acquisition of Avanco Shares as the date of this Bidder's Statement and excludes any potential impact of the Avanco Options.

<sup>44</sup> Comprised of OZ Minerals' and Avanco's cash and debt as at 31 December 2017, and adjusted for cash payment to Avanco Shareholders under the Offer and any transaction costs borne by OZ Minerals under the Offer and assumes 100% of Avanco Shares as at the date of this Bidder's Statement. Excludes any potential impact of the Avanco Options or transaction costs borne by Avanco under the Offer. Refer to Table 14 for further information.

For the purposes of this statement, the acquisition of the relevant ownership interest in Avanco is assumed to be immediate and not staged.

The fair value of the consideration for Avanco has been calculated using the OZ Minerals' VWAP on the ASX of \$9.45 being the one month VWAP as at 26 March 2018. The offer consideration is subject to change as the price of OZ Minerals Shares changes between the Announcement Date and the expiration of the Offer Period.

The net assets of the OZ Minerals Group increase by \$204 million post acquisition.

(a) **Basis of presentation of pro forma financial information**

The audited balance sheet of OZ Minerals Limited as at 31 December 2017.

The audited balance sheet of Avanco Resources Limited as at 31 December 2017, adjusted using an AUD:USD foreign exchange rate of 0.7994.

Acquisition accounting based on the terms of the Offer set out in section 0.

Accounting policies and matters of significant judgement based on publicly available information.

(b) **Pro forma consolidated statement of financial position of the Combined Group (assuming 100% of Avanco Shares are acquired)**

**Table 14: Pro-forma Consolidated Statement of financial position (100% of Avanco Shares are acquired)**

At 31 December (\$ million)	OZ Minerals standalone	Avanco standalone	Pro-forma adjustment	Combined Group
<b>Current assets</b>				
Cash and cash equivalents	729.4	31.3	(213.7)	547.0
Trade receivables	121.9	14.5	–	136.4
Lease receivable	19.6	–	–	19.6
Other receivables	10.8	–	–	10.8
Inventories	262.5	9.8	–	272.3
Prepayments	3.9	–	–	3.9
<b>Total current assets</b>	<b>1,148.1</b>	<b>55.6</b>	<b>(213.7)</b>	<b>990.0</b>
<b>Non-current assets</b>				
Inventories	484.4	–	–	484.4
Investments in equity securities	18.0	–	–	18.0
Deferred tax asset	–	3.2	–	3.2
Trade receivables	–	2.0	–	2.0
Property, plant and equipment and deferred exploration and evaluation expenditure	1,175.8	113.8	300.5	1,590.1
<b>Total non-current assets</b>	<b>1,678.2</b>	<b>119.0</b>	<b>300.5</b>	<b>2,097.7</b>
<b>Total assets</b>	<b>2,826.3</b>	<b>174.6</b>	<b>86.8</b>	<b>3,087.7</b>
<b>Current liabilities</b>				
Trade payables and accruals	94.1	10.2	–	104.3
Other payables	3.5	7.5	–	11.0
Current tax provision	101.1	2.8	–	103.9
Financial liability	–	3.8	–	3.8
Employee benefits	10.0	2.0	–	12.0
Provisions	6.7	–	–	6.7
Derivative financial instruments	11.6	0.1	–	11.7
<b>Total current liabilities</b>	<b>227.0</b>	<b>26.4</b>	<b>–</b>	<b>253.4</b>



<b>Non-current liabilities</b>				
Trade and Other payable	–	5.5	–	5.5
Financial liability	–	13.1	–	13.1
Deferred tax liabilities	47.4	–	–	47.4
Employee benefits	1.8	–	–	1.8
Provisions	29.1	12.3	–	41.4
Derivative financial instruments	4.7	–	–	4.7
<b>Total non-current liabilities</b>	<b>83.0</b>	<b>30.9</b>	<b>–</b>	<b>113.9</b>
<b>Total liabilities</b>	<b>310.0</b>	<b>57.3</b>	<b>–</b>	<b>367.3</b>
<b>Net assets</b>	<b>2,516.3</b>	<b>117.3</b>	<b>86.8</b>	<b>2,720.4</b>
<b>Equity</b>				
Issued capital	2,029.0	169.7	39.3	2,238.0
Foreign currency translation reserve	–	(34.1)	34.1	–
Cash flow hedge reserve	(3.6)	–	–	(3.6)
Retained earnings	492.3	(18.3)	13.4	487.4
Treasury shares	(1.4)	–	–	(1.4)
<b>Total equity attributable to equity holders of OZ Minerals Limited</b>	<b>2,516.3</b>	<b>117.3</b>	<b>86.8</b>	<b>2,720.4</b>

- (1) Pro forma adjustments assuming 100% of Avanco Shares are acquired.
  - (2) The adjustment to share capital is net of the issue of 22.1 million OZ Minerals Shares and the elimination of Avanco share capital.
  - (3) The difference between fair value of the consideration over carrying value of the identifiable net assets acquired has been classified as mining rights asset which is classified under property plant and equipment and deferred exploration and evaluation expenditure.
  - (4) Tax effect accounting of the consideration has not been adjusted.
  - (5) The pro forma balance sheet is indicative only and will vary in aggregate as well as asset and liability classes following the completion of a comprehensive fair value assessment of the Avanco assets and liabilities upon completion of the Offer including fair value purchase price allocation and related tax effect accounting.
  - (6) An estimate of OZ Minerals' transaction costs of \$4.9 million have been included in cash adjustments and the equity movement. Potential Avanco transaction costs have been excluded.
  - (7) The purchase consideration is based on the number of Avanco shares on issue and does not include any potential consideration payable upon exercise of Avanco Options. To the extent all holders of Avanco Options as at the date of this Bidder's Statement exercise their Avanco Options for \$0.10 per Avanco Option and accept the Offer in respect of Avanco Shares issued to them during the Offer Period, it would have the effect of:
    - increasing cash by \$2.9 million;
    - increasing property, plant and equipment and deferred exploration and evaluation expenditure by \$13.7 million; and
    - increasing issued capital by \$16.6 million.
- (c) **Pro forma consolidated statement of financial position of the Combined Group (assuming 50.1% of Avanco Shares are acquired)**

**Table 15: Pro-forma Consolidated Statement of financial position (50.1% of Avanco Shares are acquired)**

At 31 December (\$ million)	OZ Minerals standalone	Avanco standalone	Pro-forma adjustment	Combined Group
<b>Current assets</b>				
Cash and cash equivalents	729.4	31.3	(109.5)	651.2
Trade receivables	121.9	14.5	–	136.4
Lease receivable	19.6	–	–	19.6
Other receivables	10.8	–	–	10.8
Inventories	262.5	9.8	–	272.3
Prepayments	3.9	–	–	3.9
<b>Total current assets</b>	<b>1,148.1</b>	<b>55.6</b>	<b>(109.5)</b>	<b>1,094.2</b>
<b>Non-current assets</b>				
Inventories	484.4	–	–	484.4
Investments in equity securities	18.0	–	–	18.0
Deferred tax asset	–	3.2	–	3.2
Trade receivables	–	2.0	–	2.0
Property, plant and equipment and deferred exploration and evaluation expenditure	1,175.8	113.8	300.5	1,540.6
<b>Total non-current assets</b>	<b>1,678.2</b>	<b>119.0</b>	<b>300.5</b>	<b>2,097.7</b>
<b>Total assets</b>	<b>2,826.3</b>	<b>174.6</b>	<b>191.0</b>	<b>3,191.9</b>
<b>Current liabilities</b>				
Trade payables and accruals	94.1	10.2	–	104.3
Other payables	3.5	7.5	–	11.0
Current tax provision	101.1	2.8	–	103.9
Financial liability	–	3.8	–	3.8
Employee benefits	10.0	2.0	–	12.0
Provisions	6.7	–	–	6.7
Derivative financial instruments	11.6	0.1	–	11.7
<b>Total current liabilities</b>	<b>227.0</b>	<b>26.4</b>	<b>–</b>	<b>253.4</b>
<b>Non-current liabilities</b>				
Trade and Other payable	–	5.5	–	5.5
Financial liability	–	13.1	–	13.1
Deferred tax liabilities	47.4	–	–	47.4
Employee benefits	1.8	–	–	1.8
Provisions	29.1	12.3	–	41.4
Derivative financial instruments	4.7	–	–	4.7
<b>Total non-current liabilities</b>	<b>83.0</b>	<b>30.9</b>	<b>–</b>	<b>113.9</b>
<b>Total liabilities</b>	<b>310.0</b>	<b>57.3</b>	<b>–</b>	<b>367.3</b>
<b>Net assets</b>	<b>2,516.3</b>	<b>117.3</b>	<b>191.0</b>	<b>2,824.6</b>
<b>Equity</b>				
Issued capital	2,029.0	169.7	(65.0)	2,133.7
Non-controlling interest	–	–	208.5	208.5
Foreign currency translation reserve	–	(34.1)	34.1	–
Cash flow hedge reserve	(3.6)	–	–	(3.6)
Retained earnings	492.3	(18.3)	13.4	487.4

Treasury shares	(1.4)	–	–	(1.4)
<b>Total equity attributable to equity holders of OZ Minerals Limited</b>	<b>2,516.3</b>	<b>117.3</b>	<b>191.0</b>	<b>2,824.6</b>

- (1) Pro forma adjustments assuming 50.1% of Avanco Shares are acquired.
- (2) OZ Minerals gains control over Avanco.
- (3) To the extent all holders of Avanco Options as at the date of this Bidder's Statement exercise their Avanco Options for \$0.10 per Avanco Option and accept the Offer in respect of Avanco Shares issued to them during the Offer Period, it would have the effect of:
  - increasing cash by \$2.9 million;
  - increasing property, plant and equipment and deferred exploration and evaluation expenditure by \$13.7 million; and
  - increasing issued capital by \$16.6 million.

## 10 Risk factors

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### 10.1 Introduction

If the Offer becomes unconditional, Avanco Shareholders who accept the Offer will become OZ Minerals shareholders, and OZ Minerals Brazil will acquire an interest in Avanco. In that event, Avanco Shareholders will continue to be indirectly exposed to the risks associated with having an interest in Avanco's assets and general economic, share market and industry risks. There are also additional risks relating to OZ Minerals and the Combined Group, to which Avanco Shareholders will be exposed through their holding of OZ Minerals Shares.

The value of OZ Minerals Shares is influenced by a range of factors, many of which will be beyond the control of the Combined Group. These risk factors are divided into:

- specific risks relating to the Offer and the creation of the Combined Group;
- the mining and exploration sector; and
- other general risks.

You should carefully consider the following risk factors, as well as the other information provided by OZ Minerals Brazil, and consult your financial and legal advisers before making a decision as to whether to accept the Offer.

The risks and uncertainties described below are not the only ones facing OZ Minerals. Additional risks and uncertainties that OZ Minerals is aware of, or that it currently considers to be immaterial, may also become important factors that adversely affect OZ Minerals' operating and financial performance.

These risk factors do not take into account the investment objectives, financial and tax situation or the particular needs of individual Avanco Shareholders.

### 10.2 Risks relating to OZ Minerals

The following are specific risk factors relating to OZ Minerals:

- one operating asset;
- continuity of power supply;
- growth strategy;
- project execution;
- contract management;
- geotechnical failure;
- estimates of reserves and resources;
- customer management;
- commodity prices and exchange rates;
- operational safety failures resulting in injury or fatality;
- mine rehabilitation;
- maintenance of community relations and good title; and
- climate change.

For further information regarding these specific risk factors, please refer to OZ Minerals' Annual Report dated 22 February 2018, available to view on <https://www.ozminerals.com/media/OZ-Minerals-2017-annual-and-sustainability-report/>.

### 10.3 Risks relating to the Offer and the creation of the Combined Group

(a) **Issue of OZ Minerals Shares as consideration**

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

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

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

(b) **Integration risks**

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

(c) **Accounting**

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

(d) **Change in risk and investment profile**

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

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

(e) **Exchange rate fluctuations**

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

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

(f) **Acquisitions**

A key element of OZ Minerals' strategy involves the acquisition of companies or investment in projects to add to its asset portfolio. Whilst it is OZ Minerals' policy to conduct a thorough due diligence process in relation to any such acquisition, these transactions involve inherent risks, including:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;

- ability to achieve identified and anticipated synergies;
- unanticipated costs and problems or latent liabilities such as the existence of native title or environmental liabilities on the acquired properties;
- diversion of management attention from existing business;
- potential loss of its key employees or the key employees of any business it acquires;
- unanticipated changes in business industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired projects, companies or securities.

Any one or more of these factors or other risks could cause OZ Minerals not to realise the benefits anticipated to result from the acquisition of projects, companies or securities and could have a material adverse effect on its ability to grow and on its financial position and financial performance.

(g) **Dependence on licences and permits**

The projects in which OZ Minerals has invested generally require governmental licences, permits, authorisations, concessions and other approvals in connection with their activities. Obtaining and complying with the necessary governmental permits and regulations can be particularly complex, costly and time-consuming and is therefore not assured.

The duration, cost and success of permit applications are contingent on many factors, including those outside the control of the OZ Minerals Group. Delay in obtaining or renewing, or failure to obtain or renew, a necessary permit could mean that OZ Minerals may be delayed or, in a worst case scenario, unable to proceed with the development or continued operation of a mine or project. The permits that OZ Minerals and its investee entities need may not be issued, maintained or renewed either in a timely fashion or at all, which may constrain the ability of OZ Minerals and its investee entities to conduct their mining operations, which in turn may impact OZ Minerals' financial results.

(h) **Joint ventures**

OZ Minerals does not control (or solely control) all aspects of the OZ Minerals business. For example OZ Minerals has a farm-in and joint venture agreement with Cassini Resources over the West Musgrave copper-nickel project, under which it can earn 51% of the project by spending at least \$22 million and up to 70% by spending a total of \$36 million. The company also has two international earn-in joint ventures in Mexico and Portugal.

Other OZ Minerals assets may, in the future, also be managed through joint venture partnerships. These non-controlled assets may not comply with OZ Minerals' management and operating standards, controls and procedures, including its health, safety, environment and community standards. Failure to adopt equivalent standards, controls and procedures at these assets could adversely impact OZ Minerals' reputation and financial results.

(i) **Risks associated with retention of a minority stake**

There are some risks associated with the Offer for Avanco Shareholders who do not accept the Offer and remain Avanco Shareholders.

If, in connection with or following the Takeover Bid, OZ Minerals Brazil acquires between 90% and 100% of the Avanco Shares, OZ Minerals Brazil may be entitled to compulsorily acquire the remaining shares of the Avanco Shareholders.

If, in connection with the Takeover Bid, OZ Minerals Brazil acquires more than 50.1% but less than 90% of the Avanco Shares, OZ Minerals Brazil will hold a

controlling interest in Avanco. The remaining Avanco Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in Avanco Shares than exists today, which could result in a lower price for those Avanco Shares should they wish to sell them in future.

If, following the Takeover Bid, OZ Minerals Brazil does not acquire a Relevant Interest of at least 50.1% of the Avanco Shares, it may choose to waive the 50.1% condition of its Offer resulting in OZ Minerals Brazil holding a non-controlling interest of between 18.45% and 50.1% of Avanco. If this occurred, it is possible that OZ Minerals Brazil and another person or persons could each hold large minority interests in Avanco. In such a situation, any commercial misalignment between large minority shareholders could impact on the efficient and effective governance of Avanco and could adversely affect its ongoing performance.

## 10.4 Risks relating to the mining and exploration sector

### (a) Exploration risk

OZ Minerals and Avanco have followed an exploration programme that has resulted in upgrades to resource and reserves. However, exploration activities are speculative by nature and therefore are often unsuccessful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed.

Accordingly, if the exploration activities undertaken by the Combined Group do not result in additional reserves or identified resources cannot be converted into reserves, there may be an adverse effect on the company's financial performance.

In addition, the exploitation of successful discoveries involves obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities. Further, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as those of the Combined Group.

### (b) Development risks

For development projects, estimates of proven and probable ore reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

The information provided in this Bidder's Statement in relation to OZ Minerals' and Avanco's projects is the current estimate of resources and reserves, capital and operating costs, as determined from geological data obtained from drill holes and other exploration techniques and technical studies conducted to date. These matters may change over time.

### (c) Operating risks

The ability of the Combined Group to achieve production targets within anticipated time lines, or at all, or meet operating and capital expenditure estimates cannot be assured.

The Combined Group's assets and mining operations are subject to uncertainty with respect to (among other things): ore tonnes, grade, metallurgical recovery and impurities, ground conditions, operational environment, funding for development, availability of power supply, regulatory changes, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters. If faced by the Combined Group, these circumstances could result in the OZ Minerals not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Combined Group's financial and operational performance.

(d) **Estimate risk**

The Mineral Resources and Ore Reserves for OZ Minerals' and Avanco's assets are estimates only and no assurance can be given that any particular recovery level of metals will in fact be realised. These estimates are prepared in accordance with the JORC Code (see further sections 12.5 and 12.6 of this Bidder's Statement), but they are expressions of judgement based on knowledge, experience and industry practice, and may require revision based on actual production experience which could in turn affect the Combined Group's mining plans and ultimately its financial performance and value. Estimates that are valid when made may change significantly when new information becomes available. In addition, commodity price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render reserves and resources uneconomic and so may materially affect the estimates.

(e) **Fluctuations in commodity prices and global economic volatility**

The Combined Group will generally be a price-taker in the markets in which it will operate. The prices the Combined Group obtains for its products will be determined by, or linked to, prices in world commodity markets, which have historically been subject to substantial volatility. Commodity prices are affected by underlying global economic and geopolitical factors, industry demand and supply balances, trade wars, product substitution and national tariffs.

OZ Minerals cannot provide any assurances as to the prices the Combined Group will achieve for its products. Changes in commodity prices, including prices for copper concentrate and associated pricing for impurities and treatment charges, may have a positive or negative effect on the Combined Group's project development and production plans and activities, together with its ability to fund those plans and activities.

OZ Minerals' customers may change over time depending on market conditions and market pricing opportunities.

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

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

Many of the mineral rights and interests of the Combined Group and its activities in exploring and developing those rights and interests will be subject to government approvals, licences and permits. These approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the



Combined Group will be successful in obtaining and maintaining any or all of the various approvals, licences and permits it requires to continue to operate in Brazil, in full force and effect without modification or revocation.

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

**(g) Actions by governments or political events**

The Combined Group and its business could be adversely affected by new government regulations, such as controls on imports, exports and/or prices. Increasing requirements relating to regulatory and environmental approvals may affect existing operations or potentially cause delays in and adversely affect the expansion of existing operations.

In addition, the Combined Group and its business could be exposed to the risk of terrorism, civil unrest, nationalisation, renegotiation or nullification of existing contracts, leases, permits or other agreements, changes in laws and policy (including changes in exchange control policies regulating the repatriation of earnings or capital out of the relevant jurisdiction) and governmental reviews and investigations (including historical tax audits), as well as other unforeseeable risks in the jurisdictions in which it operates that could have an adverse impact upon the profitability of an operation.

**(h) Employee and union relations**

Some of the employees at OZ Minerals' and Avanco's assets are represented by labour unions under various collective labour agreements.

The Combined Group or its relevant joint venture partners may not be able to satisfactorily renegotiate collective labour agreements when they expire and may face higher wages and changes in benefits.

In addition, existing labour agreements may not prevent strikes or work stoppages in the future, and any strike or other work stoppage could have an adverse effect on the operations and financial results of the Combined Group.

**(i) Unexpected natural or operational catastrophes**

The operations of OZ Minerals and Avanco may both be affected by various factors outside of OZ Minerals' control, including natural disasters, and operational and technical catastrophes.

These include, but are not limited to: flooding or adverse weather conditions, earthquakes, fires, explosions, rock falls, and unusual or unexpected rock formations that affect the exploration, development or mining operations of the business.

**(j) Environmental risk**

The operations and activities of the Combined Group are subject to the environmental laws and regulations of Australia and the other places it conducts business. As with all mining operations and exploration projects, the Combined Group's operations and activities are expected to have an impact on the environment. OZ Minerals attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

OZ Minerals is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Combined Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Combined Group to incur significant expenses and undertake significant investments which could have material adverse effect on the Combined Group's business, financial condition and performance.

**(k) Bribery and corruption**

The Combined Group may suffer a significant loss resulting from historic or future fraud, bribery, corruption, other illegal acts by its employees, inadequate or failed internal processes or systems, or from external events, such as security threats affecting its ability to operate. Both OZ Minerals and Avanco operate in different markets and rely on their employees to follow their policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems is managed through OZ Minerals' infrastructure, controls, systems and people, complemented by a focus on enterprise wide management of specific operational risks such as fraud, bribery and corruption, as well as personnel and systems risks. Specific programs, policies, standards and methodologies have been developed to support the management of these risks, however these cannot guarantee that such conduct does not occur and if it does, it can result in direct or indirect financial loss, reputational impact or regulatory consequences.

**10.5 General risks****(a) Economic conditions**

The operating and financial performance of the Combined Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, copper prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Combined Group's operating and financial performance and financial position.

The Combined Group's future possible revenues and share prices can be affected by these factors, which are beyond OZ Minerals' control.

**(b) Share market conditions**

The price at which OZ Minerals Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the OZ Minerals Shares to trade at prices below the price at the date of the Offer. There is no assurance that the price of the OZ Minerals Shares will increase following the Offer, even if OZ Minerals' earnings increase.

Some of the factors which may adversely impact the price of the OZ Minerals Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, country trade and importation policies, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which OZ Minerals operates and general operational and business risks.

(c) **Shareholder dilution**

In the future, OZ Minerals may elect to issue OZ Minerals Shares or engage in capital raisings to facilitate employee share plans, fund acquisitions, undertake other strategic initiatives, or for working capital purposes. While OZ Minerals will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (other than where exceptions apply), OZ Minerals shareholders at the time may be diluted as a result of such issues of OZ Minerals Shares and capital raisings.

(d) **Changes in taxation rules or their interpretation**

Changes in tax law (including value added taxes and stamp duties), or changes in the way taxation laws are interpreted may impact OZ Minerals' tax liabilities or the tax treatment of an OZ Minerals shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in OZ Minerals Shares involves tax considerations which may differ for each OZ Minerals shareholder. Each Avanco Shareholder is encouraged to seek professional tax advice in connection with the Offer and how they may be discretely impacted.

(e) **Force majeure events**

Events may occur within or outside Australia that could impact upon the Australian economy, OZ Minerals' operations and the price of OZ Minerals Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, uranium concentrate risk or other natural or man-made events or occurrences that can have an adverse effect on the demand for OZ Minerals' products and its ability to operate its assets. OZ Minerals has only a limited ability to insure against some of these risks.

## 11 Tax considerations

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### 11.1 Introduction

The following is a general description of the Australian tax consequences for Avanco Shareholders who accept the Offer. The comments set out below are relevant only to those Avanco Shareholders who hold their Avanco Shares on capital account.

Avanco Shareholders who:

- hold their Avanco Shares for the purpose of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their Avanco Shares pursuant to an employee share, option or rights plan;
- are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts, superannuation funds or temporary residents;
- are subject to the taxation of financial arrangement rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their Avanco Shares;
- are non-residents of Australia who hold their Avanco Shares in carrying on a business through a permanent establishment in Australia; or
- have changed their tax residence while holding Avanco Shares,

should seek their own advice.

Avanco Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement, but it is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Avanco Shareholder. Avanco Shareholders should seek independent professional advice in relation to their own particular circumstances.

### 11.2 Australian resident shareholders

#### (a) Shareholders who accept the Offer

If the Offer becomes unconditional, acceptance of the Offer will involve the disposal by Avanco Shareholders of their Avanco Shares by way of transfer to OZ Minerals Brazil. This will constitute a capital gains tax (CGT) event for Australian tax purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Avanco Shares is formed. If the Offer is accepted before the conditions in clause 13.8 are fulfilled, the date of disposal will be the date that those conditions are fulfilled. If the Offer is accepted after the conditions in clause 13.8 are fulfilled, the date of disposal will be the date that the Offer is accepted.

#### (b) Compulsory acquisition

If an Avanco Shareholder does not dispose of their Avanco Shares under the Offer and their Avanco Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Avanco Shareholders will also be treated as having disposed of their Avanco Shares for CGT purposes.

In that case, the date of disposal for CGT purposes will be the date when OZ Minerals Brazil becomes the owner of the Avanco Shares.

(c) **CGT**(1) **Calculation of capital gain or capital loss (apart from scrip for scrip rollover relief)**

Avanco Shareholders who are Australian residents may make a capital gain or capital loss on the disposal of Avanco Shares. Avanco Shareholders will make a capital gain to the extent that their capital proceeds from the disposal of the Avanco Shares are more than their cost base. Conversely, Avanco Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Avanco Shares.

The cost base of the Avanco Shares generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the shareholder.

The capital proceeds will be the total of the cash consideration of \$0.085 per Avanco Share (**Cash Consideration**) and the market value of the 0.009 OZ Minerals Shares received per Avanco Share (**Share Consideration**), calculated at the date of CGT disposal.

Individuals, complying superannuation entities or trustees that have held Avanco Shares for at least 12 months should be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Avanco Shares. The discount is 50% in the case of individuals and trusts or 33% for complying superannuation entities. For trusts the ultimate access to the discount may depend on a beneficiary's entitlement to the discount.

Shareholders should seek specific advice on the availability of the CGT discount in their own circumstances.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain (after discount) is included in assessable income and is subject to income tax at the taxpayer's marginal tax rate. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains.

(2) **Scrip for scrip roll-over relief**

Partial scrip for scrip roll-over relief will be available if members of the OZ Minerals tax consolidated group (including OZ Minerals Brazil) attain at least an 80% shareholding in Avanco through the Offer, including any Avanco Shares already held. In this case, Australian resident Avanco Shareholders who have a capital gain on their Avanco Shares can choose to apply rollover to the portion of their gain representing the Share Consideration.

In order to choose scrip for scrip roll-over relief, Avanco Shareholders must make an election prior to lodging their income tax return for the income year in which the CGT event occurs. OZ Minerals Brazil will not make a choice under section 124-795(4) of *the Income Tax Assessment Act 1997* to deny scrip for scrip roll-over relief.

Where an Avanco Shareholder chooses scrip for scrip roll-over relief the Avanco Shareholder will make a capital gain to the extent that the Cash Consideration the Avanco Shareholder receives exceeds a proportionate part of the cost base for the shareholder's Avanco Shares. The capital gain will be calculated as follows:

Capital gain (loss) on exchanging Avanco Shares	=	Cash Consideration	-	$\left( \frac{\text{Cash Consideration}}{\text{Cash Consideration} + \text{market value of OZ Minerals Shares at the date of CGT disposal}} \right)$	x	Cost base of Avanco Shares
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Roll-over is not available if a capital loss arises on the exchange of the Avanco Shares.

(d) **Implications of holding OZ Minerals Shares**

As a consequence of accepting the Offer, an Avanco Shareholder will cease to be a shareholder of Avanco and will become a shareholder of OZ Minerals.

Dividends received by an Australian resident shareholder of OZ Minerals would generally be included in the assessable income of such a shareholder.

(e) **CGT on subsequent disposal of OZ Minerals Shares**

A subsequent disposal of OZ Minerals Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not, and the extent to which, scrip for scrip rollover relief was claimed in relation to the disposal of Avanco Shares pursuant to the Offer.

Where the shareholder is a resident taxpayer, and to the extent future OZ Minerals dividends are franked, any franking credits attached to OZ Minerals dividends are also included in assessable income, and then claimed as a credit against tax payable. Shareholders are generally required to have held their shares "at risk" for 45 days in order to be eligible for franking benefits. Taxpayers should obtain their own advice on the application of these rules to their circumstances.

(1) **Where scrip for scrip rollover relief was not claimed or available**

Where scrip for scrip rollover relief was not claimed or was not available in relation to the disposal of the Avanco Shares, the cost base of the OZ Minerals Shares (spread equally over those OZ Minerals Shares) would include the market value of the Avanco Shares disposed of under the Offer at the time the Offer is accepted less the Cash Consideration.

The acquisition date of the OZ Minerals Shares will be when the contract for disposal of the Avanco Shares was formed (as set out in section 11.2(a) above) or the date the OZ Minerals Shares are issued if the Avanco Shares were compulsorily acquired. CGT discount may be available for certain shareholders if the OZ Minerals Shares are held for more than 12 months.

(2) **Where scrip for scrip rollover available**

Where an Avanco Shareholder chooses scrip for scrip rollover relief the cost base for the OZ Minerals Shares will be calculated as follows:

Cost base of OZ Minerals Shares	=	Cost base of Avanco Shares	x	$\frac{\text{Market value of OZ Minerals Shares}}{\text{Cash Consideration} + \text{market value of OZ Minerals Shares}}$
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Other amounts may be included in the cost base of the OZ Minerals Shares, such as any incidental costs to sell the OZ Minerals Shares.

A shareholder will be taken to have acquired the OZ Minerals Shares at the time the Avanco Shares were originally acquired for CGT purposes.

### 11.3 Non-resident shareholders

For an Avanco Shareholder who:

- (a) is not a resident of Australia for Australian tax purposes;
- (b) holds their Avanco Shares on capital account; and
- (c) does not hold their Avanco Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Avanco Shares will generally only result in Australian CGT implications if:

- (d) that shareholder together with its associates held 10% or more of the Avanco Shares at the time of disposal or for any continuous 12 month period within two years preceding the disposal; and
- (e) more than 50% of Avanco's value is due to direct or indirect interests in Australian real property, which is defined to include Australian mining and exploration leases and licences,

(collectively referred to here as the **TARP Test**).

OZ Minerals Brazil is entitled to withhold 12.5% of the consideration payable to Avanco Shareholders if several conditions are satisfied, including the TARP Test. OZ Minerals Brazil is currently of the view that the TARP Test should not be satisfied and therefore does not expect to withhold any amount in respect of tax from the consideration. This should apply to both the Cash Consideration and the proceeds distributed to non-resident Avanco Shareholders in accordance with the process referred to in section 13.6.

A non-resident Avanco Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the shares as set out in section 11.2. However, scrip for scrip roll-over relief may not be available and such shareholders should seek independent advice in relation to their individual circumstances.

### 11.4 Goods and services tax

Holders of Avanco Shares should not be liable to pay any GST in respect of a disposal of those Avanco Shares or acquisition of OZ Minerals Shares.

The disposal and acquisition of shares are 'financial supplies' for GST purposes. If Avanco Shareholders incur any costs which include GST (such as advisor fees) relating to their participation in the Offer, they may only be entitled to input tax credits for such costs in certain circumstances and should seek specific advice.

### 11.5 Stamp duty

The transfer of shares in Avanco or the issue of replacement OZ Minerals Shares is not expected to give rise to any stamp duty liabilities for existing Avanco Shareholders.

## 12 Additional information

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### 12.1 Bid Implementation Deed

On 27 March 2018, Avanco and OZ Minerals entered into the Bid Implementation Deed which sets out the rights and obligations of Avanco and OZ Minerals in connection with the implementation of the Takeover Bid. A copy of the Bid Implementation Deed was provided to the ASX on 27 March 2018 and is publicly available on the ASX company announcements platform.

A summary of the Bid Implementation Deed follows:

(a) **Conditions**

The Offer is subject to a number of conditions which must be satisfied or waived before an unconditional contract can arise from acceptance of the Offer. These conditions are set out in Schedule 1 of the Bid Implementation Deed and in section 13.8.

Each of Avanco and OZ Minerals:

- (1) must use its reasonable endeavours to satisfy the conditions as soon as practicable after the date of the Bid Implementation Deed; and
- (2) agrees not to do, or omit to do, anything which will, or is likely to, result in any of the bid conditions being breached.

This requirement is subject to a “fiduciary out”, so that Avanco and the Avanco Board are not prevented from taking, or failing to take action where:

- (3) to do otherwise would, in the opinion of the Avanco Board (determined in good faith and acting reasonably after receiving written legal advice from external lawyers), constitute a breach of the Avanco Directors’ fiduciary or statutory duties; or
- (4) required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property).

As at the date of this Bidder’s Statement, neither OZ Minerals Brazil nor the OZ Minerals directors are aware of any circumstances which would cause outstanding conditions not to be satisfied or (where applicable) waived.

(b) **Conduct of business and access to information**

Clauses 4.1 and 5.1 of the Bid Implementation Deed set out the obligations of Avanco applying from the date of the Bid Implementation Deed up to and including the end of the Offer Period with respect to conduct of its business and OZ Minerals’ access to information. Without limiting any other obligations of Avanco under the Bid Implementation Deed, Avanco must:

- (1) conduct its businesses and operations, and must cause each Avanco Group Member to conduct its respective business and operations, in the ordinary and usual course generally consistent with the manner in which each such business and operations have been conducted in the 12 month period prior to the date of the Bid Implementation Deed;
- (2) keep OZ Minerals informed of any material developments concerning the conduct of business;
- (3) not enter into any line of business or other activities in which the Avanco Group is not engaged as of the date of the Bid Implementation Deed;



- (4) provide regular reports on the financial affairs of the Avanco Group, including the provision of the Avanco Group's monthly management accounts, in a timely manner to OZ Minerals;
- (5) ensure that:
- (A) there is no breach of the no prescribed occurrences bid condition; and
  - (B) there is no occurrence within its control or the control of any other member of the Avanco Group that would constitute or would be likely to constitute a breach of the no material adverse change bid condition;
- (6) make all reasonable efforts, and procure that each other Avanco Group Member makes all reasonable efforts, to:
- (A) preserve and maintain the value of the businesses and assets of the Avanco Group;
  - (B) keep available the services of the directors, officers and employees of each member of the Avanco Group;
  - (C) maintain and preserve each member of the Avanco Group's relationships with Government Agencies, customers, suppliers, joint venturers, licensors, licensees and others having business dealings with any member of the Avanco Group;
- (7) until the end of the Offer Period, promptly notify OZ Minerals orally and in writing of anything of which it becomes aware that:
- (A) makes any material information publicly filed by Avanco (either on its own account or in respect of any other Avanco Group Member) to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect;
  - (B) makes any of the Avanco representations and warranties given in the Bid Implementation Deed false, inaccurate, misleading or deceptive in any material respect;
  - (C) makes any information provided in the Disclosure Materials incomplete, incorrect, untrue or misleading in any material respect; or
  - (D) would constitute or be likely to constitute a breach of the no prescribed occurrences bid condition, breach of the no adverse change bid condition or breach of any of the above; and
- (8) until the end of the Offer Period, make available to OZ Minerals and its Related Persons:
- (A) all information as reasonably requested by OZ Minerals;
  - (B) such senior executives of Avanco as reasonably requested by OZ Minerals at mutually convenient times; and
  - (C) reasonable co-operation,
- for the purpose of:
- (D) OZ Minerals understanding the operations of the Avanco Group's business, financial position, prospects and affairs in order to facilitate the integration of the Avanco and OZ Minerals' businesses; or

- (E) keeping OZ Minerals informed of material developments relating to the Avanco Group; or
- (F) any other purpose agreed between Avanco and OZ Minerals.

(c) **Exclusivity**

Clause 11 of the Bid Implementation Deed sets out the exclusivity obligations of Avanco in connection with the implementation of the Takeover Bid. A summary of the key exclusivity obligations of Avanco during the Exclusivity Period is set out below:

- (1) **(no talk and no shop)**: Avanco must not, and must ensure that each of its Related Persons does not, directly or indirectly:
  - (A) **(no shop)**: solicit, invite, encourage or initiate (including by the provision of any non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do any of the above; or
  - (B) **(no talk and no due diligence)**:
    - participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal;
    - negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
    - disclose or otherwise provide any non-public information about the business or affairs of the Avanco Group to a Third Party (other than a Government Agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal; or
    - communicate to any person an intention to do anything referred to above.

The no talk and no due diligence obligation is subject to a “fiduciary out” where the Board acting in good faith determines, having regard to written advice from its external legal and Financial Advisers, an actual, proposed or potential Competing Proposal is a Superior Proposal (or which may reasonably be expected to result in the Competing Proposal becoming a Superior Proposal) and the failure to take or not take such action would constitute, or would be likely to constitute, a breach of the fiduciary or statutory duties of the directors of Avanco, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of the no shop obligations and Avanco provides OZ Minerals with all material supporting the Board’s determination that the fiduciary out applies.

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

A notification must include the identity of the relevant person making or proposing the relevant, actual, proposed or potential Competing Proposal, together with all terms and conditions of the actual, proposed or potential Competing Proposal.

Commencing upon the provision of any notice referred to above, Avanco must as soon as possible advise OZ Minerals of any material developments in relation to an actual, proposed or potential Competing Proposal, including material amendments or proposed amendments to the terms of such actual, proposed or potential Competing Proposal, and advise OZ Minerals of the timing of any meeting of the Avanco Board to consider that proposal.

- (3) **(Matching right)** Avanco must not enter into any legally binding agreement, arrangement or understanding pursuant to which a Third Party, Avanco or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal and must procure that none of the Avanco Directors change their recommendation of the Takeover Bid or publicly recommend an actual, proposed or potential Competing Proposal or recommend against the Takeover Bid unless:
- (A) the Avanco Board acting in good faith and in order to satisfy what the members of the Avanco Board consider to be their statutory or fiduciary duties (having received written advice from its external financial and legal advisers) determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
  - (B) Avanco has complied with its obligation to notify OZ Minerals of the approach as summarised above;
  - (C) Avanco has given OZ Minerals at least five Business Days after the notification of the approach to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
  - (D) OZ Minerals has not announced or otherwise formally proposed to Avanco a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the five Business Day period.

If OZ Minerals proposes to Avanco, or announces, a counterproposal by the expiry of the five Business Days and the Avanco Board, acting

reasonably and in good faith, determines such counterproposal would provide an equivalent or superior outcome for Avanco Shareholders as a whole compared with the Competing Proposal (taking into account the terms and conditions), Avanco and OZ Minerals must use their best endeavours to implement OZ Minerals' counterproposal as soon as reasonably practicable, and Avanco must procure that each of the Avanco Directors continues to recommend the Takeover Bid (as modified by the counterproposal).

(d) **Reimbursement fee arrangements**

Clause 12 of the Bid Implementation Deed sets out the circumstances in which Avanco has agreed to pay a reimbursement fee of \$4.4 million to OZ Minerals. The reimbursement fee will be payable if any one of the following events occurs:

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

Except in relation to a wilful or intentional breach of or non-compliance with any provision of the Bid Implementation Deed by Avanco, Avanco's total liability under the Bid Implementation Deed is capped at the amount of the reimbursement fee and the reimbursement fee will not be payable to OZ Minerals (and Avanco will be entitled to a refund to the extent that it has already paid) if OZ Minerals becomes the holder of more than 50% of the Avanco Shares as a result of the Takeover Bid, notwithstanding the occurrence of any of the trigger events set out above.

(e) **Representations and warranties**

OZ Minerals, in Schedule 2 to the Bid Implementation Deed, and Avanco, in Schedule 3 to the Bid Implementation Deed, have each given representations and warranties to the other, customary for a transaction of this nature.

(f) **Termination rights**

Clause 13 of the Bid Implementation Deed sets out the termination rights of each party. These are summarised below.

**(1) Termination by either party**

Either party may terminate the Bid Implementation Deed if at any time before the end of the Offer Period:

- (A) the other party has materially breached and failed to remedy the breach within five Business Days after the date on which the party entitled to terminate gave written notice of the breach to the party in breach, other than in respect of a breach of a representation and warranty of either party;
- (B) a court or Government Agency has taken any action permanently restraining or prohibiting the Takeover Bid, and the action is final and cannot be appealed or reviewed; or
- (C) the other party is in material breach of a representation and warranty and the relevant breach continues to exist five Business Days (or any shorter period ending at the end of the Offer Period) after the date on which written notice is given of the breach.

**(2) Termination by OZ Minerals**

OZ Minerals may terminate the Bid Implementation Deed at any time before the end of the Offer Period if any Avanco Director

- (A) withdraws, adversely revises or adversely modifies his or her recommendation that Avanco Shareholders accept the Takeover Bid; or
- (B) makes a public statement indicating that he or she no longer recommends the Takeover Bid or recommends, supports or endorses another transaction (including any Competing Proposal but excluding a statement that no action should be taken by Avanco Shareholders pending the assessment of a Competing Proposal by the Avanco Board).

**(3) Termination by Avanco**

Avanco may terminate the Bid Implementation Deed at any time before the end of the Offer Period if the Avanco Board or a majority of the Avanco Board has changed, withdrawn or modified its recommendation as permitted under clause 2.3 of the Bid Implementation Deed.

**12.2 Status of defeating conditions**

The Offer is subject to a number of conditions set out in section 13.8. OZ Minerals Brazil will provide updates on any material developments relating to the status of these conditions through announcements to the ASX.

OZ Minerals Brazil is not aware of any events or circumstances which would result in the non-fulfilment of any of the defeating conditions.

**12.3 Date for determining holders of Avanco Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

**12.4 Consents**

This Bidder's Statement contains statements made by, or statements said to be based on statements made by, OZ Minerals. OZ Minerals has consented to the inclusion of:

- each statement it has made; and
  - each statement which is said to be based on a statement it has made,
- in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Bidder's Statement.

This Bidder's Statement contains statements made by, or statements said to be based on statements made by, BlackRock. BlackRock has consented to the inclusion of:

- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which the statements appear and has not withdrawn that consent at the date of this Bidder's Statement.

Each of J.P Morgan Australia Limited (**JP Morgan**) and BlackPeak Capital Pty Limited (**BlackPeak Capital**) have each given, and not withdrawn before the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as OZ Minerals' financial advisers in the form and context in which each is so named. Neither JP Morgan nor BlackPeak Capital has caused or authorised the issue of this Bidder's Statement, and does not make or purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Herbert Smith Freehills has given, and not withdrawn before the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as OZ Minerals' Australian legal adviser (other than in relation to taxation) in the form and context in which it is so named. Herbert Smith Freehills has not caused or authorised the issue of this Bidder's Statement, does not make or purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Link Market Services Limited has given, and not withdrawn before the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as OZ Minerals' security registrar in the form and context in which it is so named. Link Market Services Limited has not caused or authorised the issue of this Bidder's Statement, does not make or purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the bid period, please contact Link Market Services Limited on 1300 330 255 (if calling from within Australia) or +61 1300 330 255 (if calling from outside Australia). For legal reasons, calls to this number will be recorded.

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

- which fairly represent what purports to be a statement by an official person; or
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains trading data sourced from Bloomberg and IRESS provided without their consent.

## 12.5 OZ Minerals' Ore Reserves and Mineral Resources

The information in this Bidder's Statement relating to OZ Mineral's Ore Reserves and Mineral Resources is extracted from OZ Minerals' Annual Report dated 22 February 2018 and is available to view on <https://www.ozminerals.com/media/OZ-Minerals-2017-annual-and-sustainability-report/>. OZ Minerals is not aware of any new information or data that materially affects the information included in OZ Minerals Annual Report and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimate in the OZ Minerals Annual Report continue to apply and have not materially changed. OZ Minerals confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

## 12.6 Avanco's Ore Reserves and Minerals Resources

The information in this Bidder's Statement relating to Avanco's Ore Reserves and Mineral Resources is extracted from the ASX Announcement titled "CentroGold – Scoping Study" (dated 10 April 2018). This announcement is available to view at <https://www.asx.com.au/asxpdf/20180410/pdf/43t2vtcz199rj0.pdf>.

## 12.7 Ineligible Foreign Shareholders and Small Parcel Shareholders

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

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

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

The OZ Minerals Shares which would otherwise have been issued to Ineligible Foreign Shareholders and Small Parcel Shareholders will instead be issued to a nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Ineligible Foreign Shareholders and Small Parcel Shareholders. See section 13.7 for further details.

## 12.8 Social security and superannuation implications of Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

## 12.9 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement no:

- director or proposed director of OZ Minerals or OZ Minerals Brazil;

- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of OZ Minerals or OZ Minerals Brazil; or
- underwriter to the issue of OZ Minerals Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of OZ Minerals Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of OZ Minerals or OZ Minerals Brazil;
- property acquired or proposed to be acquired by OZ Minerals or OZ Minerals Brazil in connection with its formation or promotion, or the offer of OZ Minerals Shares under the Offer; or
- the offer of OZ Minerals Shares under the Offer.

## 12.10 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a director or proposed director of OZ Minerals or OZ Minerals Brazil to induce him or her to become, or to qualify as, a director of OZ Minerals or OZ Minerals Brazil; or
- for services provided by an Interested Person in connection with the formation or promotion of OZ Minerals or OZ Minerals Brazil or the offer of OZ Minerals Shares under the Offer.

The persons named in this Bidder's Statement as performing a function in a professional or advisory capacity in connection with the Offer and with the preparation of the Bidder's Statement on behalf of OZ Minerals and OZ Minerals Brazil are JP Morgan and BlackPeak Capital as financial advisers and Herbert Smith Freehills as Australian legal adviser.

The fee for professional services paid or payable to JP Morgan as financial adviser to OZ Minerals is up to \$3.5 million. The fee for professional services paid or payable to BlackPeak Capital as financial adviser to OZ Minerals is up to \$1 million. The fee for professional services paid or payable to Herbert Smith Freehills as Australian legal adviser to date is approximately \$475,000.

## 12.11 Disclosure of interests of directors

### (a) Interests in OZ Minerals Brazil Shares

As at the date of this Bidder's Statement, none of the directors of OZ Minerals or OZ Minerals Brazil held any Relevant Interests in OZ Minerals Brazil securities.

### (b) Interests in OZ Minerals Shares

As at the date of this Bidder's Statement, the directors of OZ Minerals and OZ Minerals Brazil had the following Relevant Interests in OZ Minerals securities:



Director	Class of security	Number	Nature of Relevant Interest
<b>OZ Minerals directors</b>			
Rebecca McGrath	Ordinary share	33,035	Indirect
Julie Beeby	Ordinary share	14,000	Direct
Charles Lenegan	Ordinary share	20,750	Indirect
Tonianne Dwyer	Ordinary share	10,000	Direct
Andrew Cole	Ordinary share	10,000	Direct
	Performance rights	491,013	Direct
<b>OZ Minerals Brazil directors</b>			
Andrew Cole	Refer above	Refer above	Refer above
Warrick Ranson	Performance rights	62,700	Direct

(c) **Interests in Avanco Shares**

As at the date of this Bidder's Statement, none of the directors of OZ Minerals or OZ Minerals Brazil held any Relevant Interests in Avanco Shares.

## 12.12 Institutional Acceptance Facility

OZ Minerals Brazil reserves the right to introduce an institutional acceptance facility. If it does so, it will announce details of the facility in a supplementary bidder's statement.

## 12.13 Foreign selling restrictions

### New Zealand

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. The offer of OZ Minerals Shares under the Offer is being made to existing Avanco Shareholders with registered addresses in New Zealand in reliance upon an exemption from the relevant New Zealand securities regime, and, accordingly, this

Bidder's Statement may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain.

#### **12.14 Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

## 13 The terms and conditions of the Offer

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### 13.1 Offer

- (a) OZ Minerals Brazil offers to acquire all of Your Shares on and subject to the terms and conditions set out in this section 0 of this Bidder's Statement.
- (b) The consideration under the Offer is 8.5 cents and 0.009 OZ Minerals Shares for each of Your Shares. If this calculation results in an entitlement to a fraction of a cent or of an OZ Minerals Share, that fraction will be rounded down to the next whole number of cents of OZ Minerals Shares.
- (c) If, at the time this Offer is made to you, you are a Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not receive OZ Minerals Shares. Instead, you are offered and will receive a cash amount determined in accordance with section 13.7 of this Bidder's Statement.
- (d) The OZ Minerals Shares to be issued are ordinary shares in OZ Minerals and will be credited as fully paid and have the rights summarised in section 4.4.
- (e) By accepting this Offer, you undertake to transfer to OZ Minerals Brazil not only the Avanco Shares to which the Offer relates, but also all Rights attached to those Avanco Shares (see section 13.5(c)(6) and section 13.6(c)).
- (f) This Offer is being made to each person registered as the holder of Avanco Shares in the register of Avanco Shareholders at open of business (Sydney time) on the Register Date. It also extends to:
  - (1) holders of securities that come to be holders of Avanco Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by Avanco Options which are on issue as at the Register Date; and
  - (2) any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.
- (g) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Shares, then:
  - (1) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Avanco Shares; and
  - (2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Avanco Shares you hold to which the Offer relates; and
  - (3) this Offer will be deemed to have been withdrawn immediately at that time.
- (h) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Avanco Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Link Market Services Limited on 1300 330 255 (if calling from within Australia) +61 1300 330 255 (if calling from outside Australia) to request those additional copies.

- (i) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (j) The Offer is dated 11 April 2018.

## 13.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Sydney time) on the later of:
  - (1) 14 May 2018; or
  - (2) any date to which the Offer Period is extended.
- (b) OZ Minerals Brazil reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occurs:
  - (1) the Offer is varied to improve the consideration offered; or
  - (2) OZ Minerals Brazil's voting power in Avanco increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

## 13.3 How to accept this Offer

- (a) **General**
  - (1) Subject to section 13.1(g) and section 13.1(h), you may accept this Offer only for all of Your Shares.
  - (2) You may accept this Offer at any time during the Offer Period.
- (b) **Avanco Shares held in your name on Avanco's issuer sponsored subregister**

To accept this Offer for Avanco Shares held in your name on Avanco's issuer sponsored sub-register (in which case your Securityholder Reference Number will commence with 'I'), you must:

  - (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is sent and postmarked before the end of the Offer Period, to one of the addresses shown on the Acceptance Form.
- (c) **Avanco Shares held in your name in a CHESS Holding**
  - (1) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (for Avanco Shareholders who are not institutions this is normally the stockbroker either through whom you bought your Avanco Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

- (2) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
  - (3) Alternatively, to accept this Offer for Avanco Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is sent and postmarked before the end of the Offer Period, to one of the addresses shown on the Acceptance Form.
  - (4) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.
- (d) **Avanco Shares of which you are entitled to be registered as holder**
- To accept this Offer for Avanco Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:
- (1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
  - (2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is sent and postmarked before the end of the Offer Period, to one of the addresses shown on the Acceptance Form.
- (e) **Acceptance Form and other documents**
- (1) The Acceptance Form forms part of the Offer.
  - (2) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, it will be deemed to be received in time if the envelope in which it is sent is post-marked before the end of the Offer Period, even if it is received after that date.
  - (4) When using the Acceptance Form to accept this Offer in respect of Avanco Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by OZ Minerals Brazil in time for OZ Minerals Brazil to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
  - (5) The postage and transmission of the Acceptance Form and other documents is at your own risk.

### 13.4 Validity of acceptances

- (a) Subject to this section 13.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 13.3.
- (b) OZ Minerals Brazil will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. OZ Minerals Brazil is not required to communicate with

you prior to or after making this determination. The determination of OZ Minerals Brazil will be final and binding on all parties.

- (c) Notwithstanding sections 13.3(b), 13.3(c), 13.3(d) and 13.3(e), OZ Minerals Brazil may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by OZ Minerals Brazil.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, OZ Minerals Brazil may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) OZ Minerals Brazil will provide the consideration to you in accordance with section 13.6, in respect of any part of an acceptance determined by OZ Minerals Brazil to be valid.

### 13.5 The effect of acceptance

- (a) Once you have accepted the Offer, you will be able to revoke your acceptance at any time while the condition in section 13.8(a) remains unfulfilled. When the condition in section 13.8(a) has been fulfilled or waived, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you, and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:
  - (1) if, by the relevant times specified in section 13.5(b), the conditions in section 13.8 have not all been fulfilled or waived, this Offer will automatically terminate and Your Shares will be returned to you; or
  - (2) if the Offer Period is extended for more than one month and the obligations of OZ Minerals Brazil to deliver the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in section 13.8, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 13.5(a)(1) are:
  - (1) in relation to the condition in section 13.8(e), the end of the third business day after the end of the Offer Period; and
  - (2) in relation to all other conditions in section 13.8, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 13.3, you will be deemed to have:
  - (1) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 13.8 being fulfilled or freed, agreed to transfer to OZ Minerals Brazil, Your Shares (even if the number of Avanco Shares specified on the Acceptance Form differs from the number of Your Shares), subject to section 13.1(g) and section 13.1(h);
  - (2) represented and warranted to OZ Minerals Brazil, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any Rights) to OZ Minerals Brazil is registered, that all Your Shares are and will be free from all

mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to OZ Minerals Brazil, and that you have paid to Avanco all amounts which at the time of acceptance have fallen due for payment to Avanco in respect of Your Shares;

- (3) irrevocably authorised OZ Minerals Brazil (and any director, secretary, nominee or agent of OZ Minerals Brazil) to alter the Acceptance Form on your behalf by inserting correct details relating to Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by OZ Minerals Brazil to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of OZ Minerals Brazil;
- (4) if you signed the Acceptance Form in respect of Avanco Shares which are held in a CHESS Holding, irrevocably authorised OZ Minerals Brazil (or any director, secretary, nominee or agent of OZ Minerals Brazil) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASXC Settlement Operating Rules;
- (5) if you signed the Acceptance Form in respect of Avanco Shares which are held in a CHESS Holding, irrevocably authorised OZ Minerals Brazil (or any director, secretary, nominee or agent of OZ Minerals Brazil) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by OZ Minerals Brazil acting in its own interests as a beneficial owner and intended registered holder of those Avanco Shares;
- (6) irrevocably authorised and directed Avanco to pay to OZ Minerals Brazil, or to account to OZ Minerals Brazil for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to OZ Minerals Brazil accounting to you for any such Rights received by OZ Minerals Brazil;
- (7) irrevocably authorised OZ Minerals Brazil to notify Avanco on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by OZ Minerals Brazil in the notification;
- (8) with effect from the time and date on which all the conditions to this Offer in section 13.8 have been fulfilled or freed, to have irrevocably appointed OZ Minerals Brazil (and any director, secretary or nominee of OZ Minerals Brazil) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Avanco and to request Avanco to register, in the name of OZ Minerals Brazil or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (9) with effect from the date on which all the conditions to this Offer in section 13.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Avanco or to exercise or purport to exercise any of the powers and rights conferred on OZ Minerals Brazil (and its directors, secretaries and nominees) in section 13.5(c)(8);

- (10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 13.5(c)(8), the attorney will be entitled to act in the interests of OZ Minerals Brazil as the beneficial owner and intended registered holder of Your Shares;
  - (11) agreed to do all such acts, matters and things that OZ Minerals Brazil may require to give effect to the matters the subject of this section 13.5(c) (including the execution of a written form of proxy to the same effect as this section 13.5(c) which complies in all respects with the requirements of the constitution of Avanco) if requested by OZ Minerals Brazil;
  - (12) agreed to indemnify OZ Minerals Brazil in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of Your Shares to OZ Minerals Brazil being registered by Avanco without production of your Holder Identification Number or your Securityholder Reference Number for Your Shares;
  - (13) represented and warranted to OZ Minerals Brazil that, unless you have notified it in accordance with section 13.1(h), Your Shares do not consist of separate parcels of Avanco Shares;
  - (14) irrevocably authorised OZ Minerals Brazil (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASXC Settlement Operating Rules to transfer Your Shares to OZ Minerals Brazil's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
  - (15) agreed, subject to the conditions of this Offer in section 13.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that OZ Minerals Brazil may consider necessary or desirable to convey Your Shares registered in your name and Rights to OZ Minerals Brazil; and
  - (16) agreed to accept the OZ Minerals Shares to which you have become entitled by acceptance of this Offer subject to the constitution of OZ Minerals Brazil and have authorised OZ Minerals Brazil to place your name on its register of shareholders in respect of those OZ Minerals Shares.
- (d) The undertakings and authorities referred to in section 13.5(c) will remain in force after you receive the consideration for Your Shares and after OZ Minerals Brazil becomes registered as the holder of Your Shares.

### 13.6 Payment of consideration

- (a) Subject to sections 13.4(b), 13.6 and 13.7 and the Corporations Act, OZ Minerals Brazil will provide the consideration due to you for Your Shares on or before the earlier of:
  - (1) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
  - (2) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
  - (1) if that document is given with your Acceptance Form, OZ Minerals Brazil will provide the consideration in accordance with section 13.6(a);



- (2) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, OZ Minerals Brazil will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (3) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, OZ Minerals Brazil will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period;
  - (4) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, OZ Minerals Brazil will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, OZ Minerals Brazil will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, OZ Minerals Brazil is entitled to all Rights in respect of Your Shares. OZ Minerals Brazil may require you to provide all documents necessary to vest title to those Rights in OZ Minerals Brazil, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to OZ Minerals Brazil, or if you have (or any previous owner of Your Shares has) received the benefit of those Rights:
- (1) OZ Minerals Brazil will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by OZ Minerals Brazil) of those Rights; and
  - (3) if it is able reasonably to assess the value to it of the franking credits, if any, attached to the Rights, OZ Minerals Brazil will be entitled to also deduct an amount equal to that value from the consideration otherwise due to you.
- Any such deduction will be made from any cash consideration otherwise due to you.
- (d) If you have accepted the Offer and you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will receive your share of the proceeds from the sale of the OZ Minerals Shares in accordance with section 13.7.
  - (e) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown either, at the discretion of OZ Minerals Brazil, on your Acceptance Form, or on the register copy supplied by Avanco from time to time.
  - (f) The obligation of OZ Minerals Brazil to cause OZ Minerals to issue and allot any OZ Minerals Shares to which you are entitled will be satisfied by OZ Minerals:
    - (1) entering your name on the register of members of OZ Minerals; and
    - (2) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Avanco's register of members at 9.00am (Sydney time) on the Register Date, an uncertificated holding statement in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Avanco's register of members at 9.00am (Sydney time) on the Register Date.

- (g) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for Your Shares, including (but not limited to) any authority, clearance or approval of:
- (1) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
  - (2) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder), or otherwise;
  - (3) the ATO; or
  - (4) any other person as required by any other law of Australia that would make it unlawful for OZ Minerals Brazil to provide any consideration for Your Shares,

then you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by OZ Minerals Brazil.

### 13.7 Ineligible Foreign Shareholders and Small Parcel Shareholders

- (a) If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive OZ Minerals Shares as the consideration for Your Shares as a result of accepting this Offer, and OZ Minerals Brazil will:
- (1) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of OZ Minerals Shares to which you and all other Ineligible Foreign Shareholders and Small Parcel Shareholders would have been entitled but for section 13.1(c) and the equivalent provision in each other offer under the Offer;
  - (2) cause the OZ Minerals Shares so issued to be offered for sale by the Nominee on the ASX as soon as reasonably practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholders and Small Parcel Shareholders); and
  - (3) pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times YS}{TS}$$

where:

'**N**' is the amount which is received by the Nominee upon the sale of all OZ Minerals Shares under this section 13.7 less any fees, taxes and sale expenses;

'**YS**' is the number of OZ Minerals Shares which would, but for section 13.1(c), otherwise have been issued to you; and

'**TS**' is the total number of OZ Minerals Shares allotted to the Nominee under this section 13.7.

- (b) You will receive your share of the net proceeds of the sale of OZ Minerals Shares calculated in accordance with section 13.7(a) in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.

- (d) Under no circumstances will interest be paid on your share of the net proceeds of the sale of OZ Minerals Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- (e) The Nominee may sell the OZ Minerals Shares in such manner, at such price or prices and on such terms as the Nominee determines, and at the risk of the Ineligible Foreign Shareholders and Small Parcel Shareholders. The Nominee will sell the OZ Minerals Shares on ASX following the issue of those shares to it.
- (f) As the market price of OZ Minerals Shares will be subject to change from time to time, the sale price of the OZ Minerals Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither OZ Minerals Brazil nor the Nominee gives any assurance as to the price that will be achieved for the sale of the OZ Minerals Shares by the Nominee
- (g) The Nominee will be appointed by, and will provide the Nominee services to, OZ Minerals. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Ineligible Foreign Shareholder or Small Parcel Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Foreign Shareholder or Small Parcel Shareholder and does not underwrite the sale of the OZ Minerals Shares.
- (h) If OZ Minerals determines, acting reasonably and in good faith, that it must pay an amount to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of the Avanco Shares from an Avanco Shareholder, OZ Minerals Brazil will, for any such Avanco Shareholder:
  - (1) determine the amount to be paid to the Commissioner (**Payment Amount**);
  - (2) procure that OZ Minerals Brazil remits the Payment Amount to the Commissioner within the time required under the TAA; and
  - (3) reduce the amount of consideration payable by OZ Minerals Brazil to that Avanco Shareholder by the Payment Amount for the purposes of this Offer.

For the avoidance of doubt, where the conditions in this section 13.7(h) are satisfied, OZ Minerals Brazil will, for the purposes of this Offer, be deemed to have satisfied its obligations to pay the consideration to an Avanco Shareholder if the amount paid to the Avanco Shareholder is the amount of the consideration that would have otherwise been payable to the Avanco Shareholder pursuant to the offer, less the Payment Amount for that Avanco Shareholder.

## 13.8 Conditions of this Offer

Subject to section 13.9, the completion of this Offer and any contract that results from an acceptance of this Offer are subject to the fulfilment of the conditions set out below:

- (a) **Regulatory approvals**  
 Before the end of the Offer Period, all approvals or consents that are required by law, or by any Government Agency, as are necessary to permit:
  - (1) the Offer to be lawfully made to and accepted by Avanco Shareholders; and
  - (2) the Takeover Bid to be completed,
 are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.
- (b) **No restraints**

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

- (1) there is not in effect any preliminary or final decision, order or decree issued by any public authority;
- (2) no action or investigation is announced, commenced or threatened by any public authority; and
- (3) no application is made to any public authority (other than by OZ Minerals or any associate of OZ Minerals),

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

(c) **Minimum acceptance**

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

(d) **No material adverse change**

- (1) Subject to (2), between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:
  - (A) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
  - (B) information is disclosed or announced by Avanco concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
  - (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to OZ Minerals (whether or not becoming public),
 

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

    - (D) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Avanco Group taken as a whole; or
    - (E) without limiting the generality of section 13.8(d)(1)(D);
      - the effect of a diminution in the value of the consolidated net assets of the Avanco Group, taken as a whole, by at least \$20 million against what it would reasonably have been expected to have been but for such Specified Event; or
      - the effect of a reduction in the aggregate Mineral Resources and Ore Reserves estimates for the projects of the Avanco Group by 4.685Mt (approximately 5% of Avanco's last total reported figure) or more against the last reported figure.

- (2) Section 13.8(d)(1) will not apply to events, occurrences or matters that:
- (A) have been disclosed by Avanco in its public filings with the ASX or ASIC before the Announcement Date;
  - (B) are required to be done or procured by Avanco to be done pursuant to the Bid Implementation Deed or the Offer or the transactions contemplated by either;
  - (C) are Fairly Disclosed in the Disclosure Materials;
  - (D) relate to an event, occurrence or matter comprising or resulting from a change in any accounting standards, change in any interest rates, change in any foreign exchange rates or changes in copper and other commodity prices, whether in Australia or elsewhere; or
  - (E) OZ Minerals has previously approved in writing.

(e) **No prescribed occurrences**

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

- (1) Avanco converting all or any of its shares into a larger or smaller number of shares;
- (2) a member of the Avanco Group resolving to reduce its share capital in any way;
- (3) a member of the Avanco Group:
  - (A) entering into a buy-back agreement; or
  - (B) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (4) a member of the Avanco Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than the issue of shares on the exercise of an option presently on issue and disclosed to the ASX;
- (5) a member of the Avanco Group issuing, or agreeing to issue, convertible notes;
- (6) a member of the Avanco Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) a member of the Avanco Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or
- (8) an Insolvency Event occurs in relation to a member of the Avanco Group,

provided that a prescribed occurrence will not include any matter:

- (9) disclosed by Avanco in its public filings with the ASX or ASIC before the date of Bid Implementation Deed;
- (10) required to be done or procured by Avanco to be done pursuant to Bid Implementation Deed or the Offer or the transactions contemplated by either;
- (11) Fairly Disclosed in the Disclosure Materials;
- (12) required by law or by an order of a court or Government Agency;

- (13) expressly permitted pursuant to Bid Implementation Deed; or
- (14) the undertaking of which OZ Minerals has previously approved in writing (which approval must not be unreasonably withheld or delayed).

(f) **Material Contracts**

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

(g) **Conduct of business**

- (1) Subject to section (2), no member of the Avanco Group:
  - (A) declares, pays or distributes any dividend, bonus or other share of its profits or assets or return or agree to return any capital to its members;
  - (B) makes any change to its constitution;
  - (C) acquires, leases or disposes of any securities, business, assets, interest in any joint venture, entity or undertaking;
  - (D) enters into any contract or commitment (including in respect of financial indebtedness or capital expenditure) requiring payments by the Avanco Group in excess of \$2 million (individually or in aggregate), except where expressly permitted in Avanco's FY18 Budget as disclosed to OZ Minerals prior to the date of Bid Implementation Deed;
  - (E) enters into, amends or terminates any contract or commitment with an annual value in excess of \$2 million or with a value over the life of the contract or commitment in excess of \$3 million;
  - (F) writes down any of its material assets;
  - (G) amends the terms of any option, performance right, incentive or share plan;
  - (H) accelerates the rights of any of their employees or consultants to compensation or benefits of any kind (including under any option, performance right, incentive or share plan), waives any condition to exercise in relation to any Avanco Options held by any of their employees or consultants or agrees or offers to make any payment for the cancellation, buy-back or acquisition of any Avanco Option except as permitted by Bid Implementation Deed or with the prior written approval of OZ Minerals;
  - (I) provides financial accommodation to any person other than to members of the Avanco Group (irrespective of what form of financial indebtedness that accommodation takes);
  - (J) enters into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
  - (K) enters into or materially alters, varies or amends any employment, consultant, severance or similar agreement or arrangement with any person, including any of its officers,

- directors, other executives or employees whose total employment cost exceeds (or would exceed in the case of an agreement or arrangement not on foot on the date of Bid Implementation Deed) \$100,000 (**Key Person**), or accelerates or otherwise materially increases compensation, benefits or entitlements for any Key Person, in each case other than pursuant to entitlements in effect on the date of Bid Implementation Deed and which are fairly disclosed to OZ Minerals prior to the date of Bid Implementation Deed;
- (L) terminates or encourages the resignation of an employee, except in accordance with current personnel practices;
  - (M) pays any of its directors or employees a termination or retention payment, other than pursuant to contractual arrangements in effect on the date of Bid Implementation Deed and which have been fairly disclosed to OZ Minerals prior to the date of Bid Implementation Deed;
  - (N) enters into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of Bid Implementation Deed;
  - (O) settles any legal proceedings, disputed claim, investigation, arbitration or other like proceeding where the settlement amount payable by any member of the Avanco Group exceeds \$250,000;
  - (P) changes any accounting policy applied to a party to report its financial position, other than any change in policy required by a change in accounting standards;
  - (Q) does anything that would result in a change in the Avanco consolidated tax group;
  - (R) amends any arrangements with its advisers (including any amendment that might result in an increase in fees payable by the Avanco Group to any adviser), or appoint any adviser, in respect of the Takeover Bid or a competing proposal; or
  - (S) authorises, commits or agrees to do any of the matters set out above.
- (2) Nothing in section (1) restricts the ability of Avanco to take any action:
- (A) which is required by any applicable law or Government Agency;
  - (B) which is required or expressly permitted by Bid Implementation Deed or the Takeover Bid;
  - (C) which has been agreed to in writing by OZ Minerals;
  - (D) which is Fairly Disclosed in the Disclosure Materials as being an action that the Avanco Group intends to carry out between the date of Bid Implementation Deed and the end of the Offer Period (including any transaction, expenditure or other matter disclosed in Avanco's operating and development budgets provided to OZ Minerals prior to the date of Bid Implementation Deed); or
  - (E) Fairly Disclosed in public filings to the ASX prior to the date of Bid Implementation Deed as being actions that the Avanco Group intends to carry out between the date of Bid Implementation Deed and the end of the Offer Period.

**(h) No material breach of the Bid Implementation Deed**

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

**13.9 Nature and benefit of conditions**

- (a) The condition in section 13.8(a) is a condition precedent to the acquisition by OZ Minerals Brazil of any interest in Avanco Shares of a kind which would cause a breach of the provisions of laws referred to therein. Notwithstanding your acceptance of the Offer, unless and until the condition in that section is fulfilled:
- (1) no contract for the sale of Your Shares will come into force or be binding on you or on OZ Minerals Brazil;
  - (2) OZ Minerals Brazil will have no rights (conditional or otherwise) in relation to Your Shares;
  - (3) if any of Your Shares are held in a CHESSE Holding, you will be entitled to withdraw your acceptance in respect of those Avanco Shares by having your Controlling Participant transmit a valid originating message to the ASX Settlement specifying the Avanco Shares to be released from the sub-position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the fulfilment of that condition; and
  - (4) if any of Your Shares are not held in a CHESSE Holding, you will be entitled to withdraw your acceptance in respect of those Avanco Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of that condition.
- (b) The other conditions in section 13.8 are conditions subsequent. The non fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in section 13.8(e), until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 13.10(a)(2).
- (c) Subject to the Corporations Act and section 13.9(a), OZ Minerals Brazil alone is entitled to the benefit of the conditions in section 13.8, or to rely on any non-fulfilment of any of them.
- (d) Each condition in section 13.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

**13.10 Freeing the Offer of conditions**

- (a) OZ Minerals Brazil may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 13.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Avanco and to the ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:



- (1) in the case of the condition in section 13.8(e), not later than three business days after the end of the Offer Period; and
  - (2) in the case of all the other conditions in section 13.8, not less than seven days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the conditions in section 13.8(e), at the end of the third business day after the end of the Offer Period), the conditions in section 13.8 have not been fulfilled and OZ Minerals Brazil has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

### 13.11 Official quotation of OZ Minerals Shares

- (a) OZ Minerals has been admitted to the official list of the ASX. Shares of the same class as those to be issued as consideration have been granted official quotation by the ASX.
- (b) An application will be made within seven days after the start of the bid period to the ASX for the granting of official quotation of the OZ Minerals Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by the ASX of the OZ Minerals Shares to be issued pursuant to the Offer is granted no later than seven days following the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

### 13.12 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 7 May 2018 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

### 13.13 Withdrawal of this Offer

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, OZ Minerals Brazil will give notice of the withdrawal to the ASX and to Avanco and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in section 13.8 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 13.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 13.13 will be deemed to take effect:
  - (1) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
  - (2) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

**13.14 Variation of this Offer**

OZ Minerals Brazil may vary this Offer in accordance with the Corporations Act.

**13.15 No stamp duty**

OZ Minerals Brazil will pay any stamp duty on the transfer of Your Shares to it.

**13.16 Governing laws**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

## 14 Definitions and interpretation

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### 14.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

<b>Term</b>	<b>Meaning</b>
<b>\$ or A\$</b>	Australian dollars, the lawful currency of the Commonwealth of Australia.
<b>Acceptance Form</b>	the acceptance form enclosed with this Bidder's Statement.
<b>All-in Sustaining Cost (AISC)</b>	all in sustaining cash cost measure, expressed in US cents per pound of paid metal produced which includes the costs defined in the C1 Cash Cost PLUS any royalties, management fees, rehabilitation (accretion & amortization) and sustaining capital (which includes capitalised underground mining development costs and resource definition).
<b>Announcement Date</b>	the date of the announcement of the Offer by OZ Minerals, being 27 March 2018.
<b>Appian</b>	Appian Natural Resources Fund LP and Appian Natural Resources (UST) Fund LP.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	the operating rules of the ASX Settlement which govern the administration of the Clearing House Electronic Sub-register System.
<b>ASX</b>	as the context requires, ASX Limited ABN 98 008 624 691 or the securities market conducted by it.
<b>ATO</b>	Australian Taxation Office.
<b>Avanco</b>	Avanco Resources Limited (ABN 85 126 379 646).
<b>Avanco Board or</b>	the board of directors of Avanco, and an ' <b>Avanco Director</b> ' means any

<b>Term</b>	<b>Meaning</b>
<b>Board</b>	director of Avanco comprising part of the Avanco Board.
<b>Avanco Group</b>	Avanco and each of its Subsidiaries, and a reference to a ' <b>Avanco Group Member</b> ' is to Avanco or any of its Subsidiaries.
<b>Avanco Management</b>	the existing management team of Avanco.
<b>Avanco Option</b>	an option over an unissued ordinary share in Avanco.
<b>Avanco Share</b>	an ordinary share in the capital of Avanco, including all shares on issue as at the end of the Offer Period.
<b>Avanco Shareholder</b>	a person who is registered as the holder of an Avanco Share in the Avanco Share register.
<b>Bid Implementation Deed</b>	the bid implementation deed dated 27 March 2018 between Avanco and OZ Minerals in relation to the Takeover Bid.
<b>Bidder's Statement</b>	this document, being the statement of OZ Minerals Brazil under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
<b>BlackPeak Capital</b>	BlackPeak Capital Pty Limited.
<b>BlackRock</b>	BlackRock Investment Management (UK) Limited.
<b>Business Day</b>	a day that is not a Saturday, Sunday or public holiday or a bank holiday in Adelaide.
<b>C1 Cash Cost</b>	direct cash cost measure, expressed in US cents per pound of paid metal produced, including mining, processing and general administration costs, concentrate freight and marketing costs, smelting and refining charges less applicable by-product credits.
<b>CGT</b>	capital gains tax.
<b>CHESS Holding</b>	a number of Avanco Shares which are registered on the Avanco share register being a register administered by the ASX Settlement and which records uncertificated holdings of shares.

<b>Term</b>	<b>Meaning</b>
<b>Combined Group</b>	the group of companies resulting from the combination of the OZ Minerals and the Avanco Group should this Offer be successful.
<b>Competing Proposal</b>	<p>any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none"> <li>1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 10% or more of the Avanco Shares or any material Subsidiary of Avanco;</li> <li>2 acquiring Control of Avanco or any material Subsidiary of Avanco;</li> <li>3 directly or indirectly acquiring or become the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of Avanco's business or assets or the business or assets of the Avanco Group;</li> <li>4 otherwise directly or indirectly acquiring or merging with Avanco or a material Subsidiary of Avanco; or</li> <li>5 requiring Avanco to abandon, or otherwise fail to proceed with, the Takeover Bid,</li> </ol> <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>Each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act, disregarding subsection 50AA(4).
<b>Controlling Participant</b>	in relation to Your Shares, has the same meaning as in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Disclosure Letter</b>	a letter identified as such provided by Avanco to OZ Minerals and countersigned by OZ Minerals prior to entry into the Bid Implementation Deed.
<b>Disclosure Materials</b>	<ol style="list-style-type: none"> <li>1 the documents and information contained in the data room made available by Avanco to OZ Minerals and its Related Persons prior to entry into the Bid Implementation Deed, the index of which has been initialled by, or on behalf of, Avanco and OZ Minerals for identification;</li> <li>2 written responses from Avanco and its Related Persons to requests for further information made by OZ Minerals and its Related Persons prior to the entry into the Bid Implementation Deed; and</li> </ol>

<b>Term</b>	<b>Meaning</b>
	3 the Disclosure Letter.
<b>Exclusivity Period</b>	<p>the period from and including the date of the Bid Implementation Deed until the earlier of:</p> <ol style="list-style-type: none"> <li>1 the date of termination of the Bid Implementation Deed;</li> <li>2 the end of the Offer Period; and</li> <li>3 the date that is six months after the date of the Bid Implementation Deed.</li> </ol>
<b>Fairly Disclosed</b>	a reference to 'Fairly Disclosed' means disclosed to OZ Minerals, to the extent that, and in sufficient detail so as to enable OZ Minerals to identify with reasonable particularity the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
<b>Financial Adviser</b>	any financial adviser retained by Avanco or OZ Minerals in relation to the Takeover Bid or a Competing Proposal from time to time.
<b>Government Agency</b>	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
<b>Holder Identification Number</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Ineligible Foreign Shareholder</b>	an Avanco Shareholder whose address as shown in the register of members of Avanco is in a jurisdiction other than Australia or its external territories or New Zealand, unless OZ Minerals Brazil otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an Avanco Shareholder in the relevant jurisdiction and to issue OZ Minerals Shares to such a Avanco Shareholder on acceptance of the Offer, and that it is not unlawful for such a Avanco Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.
<b>Insolvency Event</b>	<p>means, in relation to an entity:</p> <ol style="list-style-type: none"> <li>1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;</li> <li>2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;</li> <li>3 the entity executing a deed of company arrangement;</li> <li>4 the entity ceases, or threatens to cease to, carry on substantially all the</li> </ol>

<b>Term</b>	<b>Meaning</b>
	<p>business conducted by it as at the date of Bid Implementation Deed;</p> <p>5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or</p> <p>6 the entity being deregistered as a company or otherwise dissolved.</p>
<b>Interested Person</b>	has the meaning in section 12.9 of this Bidder's Statement.
<b>IOCG</b>	iron oxide copper gold.
<b>Issuer Sponsored Holdings</b>	a holding of Avanco Shares on Avanco issuer sponsored subregister.
<b>JP Morgan</b>	J.P. Morgan Australia Limited.
<b>Key Management Personnel</b>	Anthony Polglase, Vernon Tidy, Simon Mottram, Luis Azevedo, Colin Jones, Scott Funston and Wayne Phillips.
<b>Listing Rules</b>	the Official Listing Rules of the ASX, as amended and waived by the ASX from time to time.
<b>Nominee</b>	has the meaning given in section 13.7 of this Bidder's Statement.
<b>Offer</b>	the offer for Avanco Shares under the terms and conditions contained in section 0 of this Bidder's Statement.
<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with section 13.2 of this Bidder's Statement.
<b>Offer Price</b>	8.5 cents and 0.009 OZ Minerals Shares per Avanco Share.
<b>OZ Minerals</b>	OZ Minerals Limited and the business it operates, as the context requires.
<b>OZ Minerals Board</b>	the board of directors of OZ Minerals.
<b>OZ Minerals Brazil</b>	OZ Minerals Brazil (Holdings) Pty Ltd (ACN 625 407 141).

<b>Term</b>	<b>Meaning</b>
<b>OZ Minerals Group</b>	OZ Minerals and each of its Subsidiaries, and a reference to a 'OZ Minerals Group Member' is to OZ Minerals or any of its Subsidiaries.
<b>OZ Minerals Shares</b>	fully paid ordinary shares in the capital of OZ Minerals.
<b>Participant</b>	an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
<b>Payment Amount</b>	has the meaning given in section 13.7(h) of this Bidder's Statement.
<b>Public Authority</b>	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.
<b>Register Date</b>	the date set by OZ Minerals Brazil under section 633(2) of the Corporations Act, being 9 April 2018.
<b>Related Persons</b>	in respect of a party or its Related Bodies Corporate, each director, officer, employee, Financial Adviser (and each director, officer, employee or contractor of that Financial Adviser), agent or representative of that party or Related Body Corporate.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Rights</b>	all accreditations, rights or benefits of whatever kind attaching or arising from Avanco Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other Distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Avanco or any of its subsidiaries).
<b>Security Interest</b>	has the same meaning as in section 51A of the Corporations Act.
<b>Securityholder Reference Number</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Small Parcel</b>	a parcel of OZ Minerals Shares having a value of less than A\$500 based on the highest closing price of OZ Minerals Shares on the ASX during the period from the date of this Bidder's Statement until the earlier of the end of the Offer Period and five ASX trading days before the first day on which OZ Minerals Brazil must provide the Offer consideration under the Offer.



<b>Term</b>	<b>Meaning</b>
<b>Small Parcel Shareholder</b>	an Avanco Shareholder who would be entitled to receive a total number of Avanco Shares as consideration under the Offer which constitute a Small Parcel.
<b>Superior Proposal</b>	<p>a <i>bona fide</i> Competing Proposal received by Avanco from a Third Party:</p> <ol style="list-style-type: none"> <li>1 which, if entered into or completed, would result in a Third Party acquiring Control of Avanco;</li> <li>2 not resulting from a breach by Avanco of any of its obligations under the Bid Implementation Deed (it being understood that any actions by the Related Persons of Avanco in breach of the Bid Implementation Deed shall be deemed to be a breach by Avanco for the purpose hereof); and</li> </ol> <p>which the Avanco Board, acting in good faith, and after receiving written legal advice from its external legal adviser and written advice from its Financial Adviser, determines:</p> <ol style="list-style-type: none"> <li>3 is reasonably capable of being valued and completed in a timely fashion; and</li> <li>4 would, if completed substantially in accordance with its terms, likely be more favourable to Avanco Shareholders (as a whole) than the Takeover Bid (as completed, and as the terms of the Takeover Bid may be amended or varied following the application of the matching right set out in clause 11.4 of the Bid Implementation Deed),</li> </ol> <p>in each case, taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent or other matters affecting the probability of the Competing Proposal being completed).</p>
<b>TAA</b>	the <i>Taxation Administration Act 1953</i> (Cth).
<b>Takeover Bid</b>	the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.
<b>Takeover Transferee Holding</b>	has the same meaning as in the ASX Settlement Operating Rules.
<b>Third Party</b>	a person other than Avanco, OZ Minerals or their respective Related Bodies Corporate or Associates.
<b>VWAP</b>	volume weighted average price
<b>Your Shares</b>	subject to section 13.1(g) and section 13.1(h), the Avanco Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Avanco at the open of business (Sydney time) on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

## 14.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, attachment and schedule is a reference to a section of and an attachment and schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Adelaide, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

## 15 Approval of Bidder's Statement

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This Bidder's Statement has been approved by a unanimous resolution passed by the directors of OZ Minerals Brazil.

*date* 10 April 2018

Signed for and on behalf of  
**OZ Minerals Brazil (Holdings) Pty Ltd**  
by

*sign here* ►



Director

*print name* Robert Mancini

## Corporate directory

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### **OZ Minerals Limited**

162 Greenhill Road  
Parkside  
South Australia 5063

### **OZ Minerals Brazil (Holdings) Pty Ltd**

162 Greenhill Road  
Parkside  
South Australia 5063

### **Financial Advisers**

J.P. Morgan Australia Limited  
Level 31  
101 Collins Street  
Melbourne  
Victoria 3000

BlackPeak Capital Pty Limited  
Level 5/55 Harrington Street  
The Rocks  
New South Wales 2000

### **Share Registry**

Link Market Services Limited  
Level 12  
680 George Street  
Sydney  
New South Wales 2000

**Legal Adviser**

Herbert Smith Freehills  
101 Collins Street,  
Melbourne  
Victoria 3000

**OZ Minerals Offer Information Line**

162 Greenhill Road  
Parkside  
South Australia 5063