

07 JUNE 2018

OZ Minerals Offer for Avanco declared unconditional

- OZ Minerals' offer for Avanco declared unconditional
- All remaining outstanding defeating conditions of the Offer waived
- Payment terms accelerated
- When combined with Avanco management commitments upon exercise of outstanding options, current acceptances total 46.6%
- Offer price is final and cannot be increased by law
- Offer due to close at 7.00pm (Sydney time) on 14 June 2018
- OZ Minerals to assume positions on Avanco Board
- Avanco shareholders are urged to accept the Offer promptly and without delay

OZ Minerals has today declared its Offer¹ for Avanco Resources Limited (Avanco) unconditional. Acceptances received under the Offer represent 43.5%² of the issued capital in Avanco. When combined with commitments made by Avanco's management and directors to accept the Offer on the exercise of outstanding options, OZ Minerals will have acceptances for 46.6%³. Shareholders intending to accept the Offer are encouraged to do so immediately, as there is no reason to delay.

Avanco shareholders who have already accepted the Offer will be paid the Offer consideration of \$0.085 cash and 0.009 OZ Minerals shares for each Avanco share by 21 June 2018.

¹ Offer refers to the recommended off-market takeover offer (through its wholly owned subsidiary OZ Minerals Brazil (Holdings) Pty Ltd for all the ordinary shares in Avanco Resources Limited.

² Includes direct acceptances and acceptance instructions provided to the facility agent through the institutional acceptance facility. Ownership level is at the time of this announcement.

³ Total number of Avanco shares assumed to equal 2,623.7m, equal to 2,465.7m current shares issued plus 158.1m Avanco options that have currently vested. The percentage of acceptances assumes that the 150.0m options held by management and directors are exercised and the resulting shares are accepted into the Offer, as per the commitments given.

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1) Offer declared unconditional

OZ Minerals has today waived all the remaining defeating conditions of the Offer and has accelerated payment terms. Shareholders who have already accepted, or who accept before the scheduled close of the Offer of 7pm (Sydney time) on 14 June, will be paid by 21 June 2018.

2) Offer price is now **FINAL** in all respects

The Offer consideration comprising A\$0.085 cash and 0.009 OZ Minerals shares per Avanco share is now **final in all respects**, and cannot, by law, be increased for any reason. In addition, no competing proposal has emerged since the announcement of the transaction and neither OZ Minerals, nor Avanco, are aware of any that may emerge.

The Offer currently values each Avanco share at \$0.178⁴, which represents a 131% premium to Avanco's last traded price before the Offer was announced on 27 March 2018 and is higher than the Avanco share price at any point over the past 5 years.

3) OZ Minerals to implement changes to Avanco Board and key management roles

The Avanco Board of Directors has agreed with OZ Minerals to the following changes relating to the management of Avanco:

- OZ Minerals will assume control of Avanco board decisions through the appointment of three new directors (including a new chairman) and the retirement of three existing Avanco directors;
- OZ Minerals will be able to second employees into critical management and technical roles at Avanco; and
- OZ Minerals will support Avanco's review of its assets and portfolio pipeline.

4) Reasons to ACCEPT the Offer

- The Offer is now unconditional.
- Avanco shareholders who have already accepted or who accept before 7pm (Sydney time) on 14 June will be paid by 21 June 2018;
- The Offer price is now final in all respects and cannot be increased, by law, for any reason;
- No competing offer has emerged since the Offer was announced by OZ Minerals on 27 March 2018;
- The consideration of \$0.085 cash and 0.009 OZ Minerals shares for each Avanco share means the **Offer is now worth \$0.178 per share**, which currently represents a significant 131% premium to Avanco's share price of \$0.077 per share prior to announcement of the transaction, and is higher than the Avanco share price at any time over the prior five years;

⁴ Based on an OZ Minerals closing share price of \$10.31 as at 6 June 2018, the day prior to this announcement.

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- Avanco shareholders will receive cash and equity in OZ Minerals, a financially stronger company with a diversified asset portfolio, international exploration prospects and a history of paying dividends;
- Avanco shareholders will retain exposure to Avanco's undeveloped assets through shares in OZ Minerals;
- OZ Minerals' shares have significantly greater trading liquidity than Avanco's, meaning Avanco shareholders can sell or increase their holding in OZ Minerals more easily than they can with their shareholding in Avanco; and
- Avanco's Board unanimously recommends the Offer be accepted and each of Avanco's directors and each Key Management Personnel⁵ has accepted the Offer for all their shares in Avanco.

5) Risks of remaining an Avanco shareholder following conclusion of the Offer

- The presence of a major shareholder is likely to significantly reduce the liquidity in Avanco shares and may impact the trading value of those shares;
- OZ Minerals intends to develop Avanco's assets expediently, which is likely to require significant levels of funding. OZ Minerals will encourage the investigation of all funding models, but currently believes that the best method to raise the required funding would be through the issue of new Avanco shares. Shareholders who remain on the Avanco share register should consider the implications of any such share issue, both if they participate in an equity issue and if they do not; and
- If the Offer closes with OZ Minerals holding less than 90% of shares, Avanco's share price may fall below the current trading price and there is no guarantee that OZ Minerals will make another offer at a later time for the Avanco shares it does not own.

6) Offer due to close on 14 June 2018

The Offer is currently scheduled to close at 7.00pm (Sydney time) on 14 June 2018. Accordingly, Avanco shareholders are urged to accept the Offer without delay.

7) Acceptances under the Institutional Acceptance Facility

OZ Minerals will confirm to Pacific Custodians Pty Limited ("Facility Agent") that the Offer is free of all defeating conditions. The Facility Agent must then effect the formal acceptance of the Offer for all shares in the facility.

OZ Minerals strongly encourages all Avanco shareholders to accept the Offer without delay

The Offer price is final and cannot, by law, be increased. Accepting shareholders will be paid promptly. The Offer is currently scheduled to close at **7.00pm** (Sydney time) on **14 June 2018**.

⁵ As defined in OZ Minerals Brazil's bidder's statement in relation to the Offer.

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