

Dear Shareholder,

The Independent Board members of Avanco Encourage you to Accept OZ Minerals' Offer for your Avanco Resources Limited Shares

On 7 June the OZ Minerals Brazil (Holdings) Pty Ltd ("OZ Minerals Brazil") Offer was declared unconditional. **As at 18 June, Offer acceptance levels have reached 86.8%** and OZ Minerals has assumed control of the company through Board and key management appointments. All Avanco's major shareholders including Appian, BlackRock, Greenstone Resources and Glencore have now accepted into the Offer.

It is important to note OZ Minerals has extended the Offer period to 7:00pm (Sydney time) on 6 July, the price is final, and **OZ Minerals has accelerated payment terms**. Avanco shareholders who accept the Offer will be paid the Offer consideration of \$0.085 cash and 0.009 OZ Minerals shares for each Avanco share within seven days of acceptance. If OZ Minerals reaches 90% acceptances, it will invoke the compulsory acquisition procedure, under which remaining shareholders will not be able to claim payment for some time.

Remaining Avanco Shareholders should ACCEPT the Offer because:

- It represents a 125% premium based on OZ Minerals closing share price on 19 June 2018 and the last close price of Avanco before the announcement. As an OZ Minerals shareholder, you will retain exposure to Avanco assets in a stronger company and with significantly enhanced liquidity for your shareholding.
- OZ Minerals is now in a position to seek to delist Avanco. Should this occur, and you remain a shareholder, you will be a minority shareholder in a delisted company with limited exit options. OZ Minerals has communicated its strategy to develop Avanco's assets, which will require significant capital. OZ Minerals has indicated it may choose to finance this development at least partially by raising equity. In these circumstances, **minority shareholders can participate in such an offer or face significant equity dilution**.

The Independent Board members recommend you accept the Offer without delay

It is important to emphasise that the Offer price is final and cannot be increased by law, there is no competing proposal, and OZ Minerals now holds 86.8% of the company. Avanco shareholders who accept now can participate in the accelerated payment terms and avoid the significant risks associated with remaining a minority Avanco shareholder. If you have already accepted the Offer, you do not need to take any further action.

If you have any queries in relation to the Offer, please contact Avanco's Company Secretary and CFO, Scott Funston, on +61 8 9324 1865 or at info@avancoresources.com.

Yours faithfully,



Paul Chapman
Independent Non-Executive Director
Avanco Resources Limited
on behalf of the Independent Board members of Avanco