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**AVANCO RESOURCES LIMITED****ACN 126 379 646****NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 3.00pm AEST

**DATE:** 26 May 2017

**PLACE:** Podium Room Four  
The Rydges South Bank Hotel  
9 Glenelg Street  
Brisbane, Queensland

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9324 1865.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 3.00pm AEST on Friday 26 May 2017 at:

Podium Room Four  
The Rydges South Bank Hotel  
9 Glenelg Street  
Brisbane, Queensland

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm AEST on 24 May 2017.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two (2) or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2016."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR – MR COLIN JONES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Colin Jones, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – RE-ELECTION OF A DIRECTOR – MR LUIS AZEVEDO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Luis Azevedo, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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**5. RESOLUTION 4 – RE-ELECTION OF A DIRECTOR – MR LUIZ FERRAZ**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clauses 14.4 of the Constitution and for all other purposes, Mr Luiz Ferraz, a Director who was appointed on 5 July 2016, retires, and being eligible, is re-elected as a Director.”*

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**6. RESOLUTION 5 – RE-ELECTION OF A DIRECTOR – MR PAUL CHAPMAN**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clauses 14.4 of the Constitution and for all other purposes, Mr Paul Chapman, a Director who was appointed on 1 May 2017, retires, and being eligible, is re-elected as a Director.”*

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**7. RESOLUTION 6 – RE-ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to re-adopt the existing Employee Share Option Plan (**ESOP**) and for the issue of securities under the ESOP, in accordance with the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – NON-EXECUTIVE DIRECTOR REMUNERATION**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of clause 14.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$500,000 per annum to \$700,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated 24 April 2017**

**By order of the Board**

**Scott Funston**  
**Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.avancoresources.com](http://www.avancoresources.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS – MR COLIN JONES & MR LUIS AZEVEDO

### 3.1 Background

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or three years, whichever is the longer.

Clause 14.2 of the Constitution provides that at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest one-third (rounded upward), and any other Director who is not in such one-third who has held office for three years or more (except a managing director), must retire from office. Any Director appointed by the Directors to fill a casual vacancy or as an addition to the Directors under clause 14.4 of the Constitution is not taken into account when determining the Directors who are to retire by rotation.

A Director who retires by rotation under clause 14.2 of the Constitution is eligible for re-election.

The Company currently has seven Directors. Accordingly, Colin Jones and Luiz Azevedo must retire by rotation in accordance with the Constitution.

### 3.2 Director Bios

#### Colin Jones

Mr Jones consulting expertise includes 10 years with Rio Tinto Technical Services where, as Principal Consultant, he consulted globally. Mr Jones was responsible for the underground development of the Fortaleza Nickel Mine in Brazil and was a core consultant for the underground development at the Palabora mine in South Africa.

An authority on underground mine development and the application of the block caving mining method, Mr Jones has consulted internationally as an independent consultant. Clients have included the multi-billion dollar Resolution (Arizona), Oyu Tolgoi (Mongolia) and Freeport (Indonesia) copper mine projects, Argyle Diamonds in Western Australia and a number of Brazilian mining companies, including Vale and Yamana Gold.

Mr Jones is an independent consultant, has an MBA, speaks Portuguese and maintains a residence in Brazil.

#### Luiz Azevedo

Mr Azevedo is an outstanding resource industry professional with over 35 years of international experience. Mr Azevedo qualified as a geologist at the University of Rio de Janeiro in 1985, and subsequent to working as a geologist he completed a law degree at the University of Candido Mendes in 1992 and obtained his Masters of Law from Pontifical Catholic University Rio de Janeiro in 1994.



Mr Azevedo has held senior positions with major resource companies including Western Mining Corporation, Barrick Gold and Harsco. In 2004 he founded the very successful legal firm FFA Legal based in Rio de Janeiro, which provides specialist legal and technical support to resource companies operating in Brazil.

### **3.3 Director Recommendation**

The Directors (other than Colin Jones and Luiz Azevedo who have an interest in the outcome of Resolutions 2 and 3 respectively) support the re-election of both Colin Jones and Luiz Azevedo as Directors.

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## **4. RESOLUTIONS 4 AND 5 – RE-ELECTION OF DIRECTOR – MR LUIZ FERRAZ & MR PAUL CHAPMAN**

### **4.1 Background**

Clause 14.4 of the Constitution of the Company provide that the Directors may at any time appoint a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Luiz Ferraz retires in accordance with the Constitution and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

### **4.2 Director Bios**

#### **Luiz Ferraz**

Mr Ferraz brings unparalleled Brazilian industry and corporate expertise to the Company which bolster Avanco's standing within the business and financial sectors of Brazil.

As the former CFO and subsequently CEO of Paranapanema's Copper Smelter, Mr Ferraz successfully advanced the smelter into a financially strong business, increasing cathode production from 190,000tpa to 280,000tpa, and doubling copper pipe and sheet production to 36,000tpa and 55,000tpa respectively. Mr Ferraz's mining experience also includes the acquisition of Mineração Santa Elina's shares (now Yamana Gold) from Echo Bay and the sale of the Patinga Tin Mine to Peruvian mining group Minsor.

Mr Ferraz is currently a partner of Brasil Agro, a Sao Paulo based specialist agribusiness investment fund and sits on the board of a number industrial companies.

#### **Paul Chapman**

Mr Chapman has deep commercial skills gained in treasury and corporate finance and has a very strong understanding of financial markets. His career has included senior commercial management roles at Western Mining Corporation, Alcoa and Minara Resources, before transitioning to board positions across a range of ASX mid and small-cap mining and development companies. He is currently the Non-Executive Chairman of Encounter Resources, a member of the Institute of Chartered Accountants Australia & New Zealand, the Australian Institute of Company Directors and The Australian Institute of Mining and Metallurgy.

### **4.3 Director Recommendation**

The Directors (other than Mr Ferraz and Mr Chapman who have an interest in the outcome of Resolutions 4 and 5 respectively) support the re-election of Mr Ferraz and Mr Chapman as Directors.

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## **5. RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN (ESOP)**

Resolution 6 seeks Shareholder approval to re-adopt the ESOP, first adopted by Shareholders on 29 November 2011 and re-adopted on 7 November 2014, to provide ongoing incentives to key employees and officers of the Company.

If Resolution 6 is passed, the ESOP will continue to enable the Company to issue Options to employees and executive and non-executive Directors of the Company (**ESOP Options**) and to issue Shares to those persons if they choose to exercise their ESOP Options, without using the Company's placement capacity under ASX Listing Rule 7.1. In the case of a Director, no ESOP Options may be issued to the Director without express Shareholder approval of the number and terms of the ESOP Options.

### **5.1 ASX Listing Rules 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9(b)) which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved the issue as an exception to Listing Rule 7.1.

Shareholder approval is sought to re-adopt the ESOP in accordance with Exception 9(b) of ASX Listing Rule 7.2 and to enable the Company to subsequently issue the ESOP Options under the ESOP for 3 years after the Meeting, without having to obtain Shareholder approval each time the Company wishes to issue such securities which exceed the 15% limit contained in Listing Rule 7.1 and do not otherwise fall within one of the nominated Listing Rule exemptions.

The maximum number of Options that can be issued under the ESOP is not to be in excess of 5% of the total number of Shares on issue.

### **5.2 Information required by ASX Listing Rule 7.2 (Exception 9(b))**

Since 7 November 2014 (the date on which the ESOP was last approved by Shareholders), the Company has issued 42,000,000 Options in reliance on Listing Rule 7.2 Exception 9(b).

The full terms and conditions of the ESOP may be obtained free of charge by contacting the Company. A summary of the terms and conditions of the ESOP is set out in Schedule 1.

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## **6. RESOLUTION 7 – NON-EXECUTIVE DIRECTOR REMUNERATION**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 14.8 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$500,000. Resolution 7 seeks Shareholder approval to increase this figure by \$200,000 to \$700,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

In the past three years, the Company has issued non-executive Directors an aggregate of 15,000,000 Options with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14. The 15,000,000 Options were issued to:

- (a) Colin Jones as to:
  - (i) 5,000,000 Options on 3 July 2015, which Options are exercisable at \$0.10 each on or before 30 June 2018; and
  - (ii) 5,000,000 Options on 20 June 2016, which Options are exercisable at \$0.10 each on or before 30 June 2018; and
- (b) Vernon Tidy as to 5,000,000 Options on 20 June 2016, which Options are exercisable at \$0.10 each on or before 30 June 2018.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

**AEST** means Australian Eastern Standard Time.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (c) a spouse or child of the member;
- (d) a child of the member's spouse;
- (e) a dependent of the member or the member's spouse;
- (f) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (g) a company the member controls; or
- (h) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Constitution** means the Company's constitution.

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

**Directors** mean the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting, including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 31 December 2016.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Schedule** means a schedule to this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

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## **SCHEDULE 1 – SUMMARY TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN (ESOP)**

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The material terms of the ESOP can be summarised as follows:

(a) **Eligible Participants**

Means full or part time employees of the Company or an Associated Body Corporate (**Eligible Participants**).

(b) **Purpose of the ESOP**

The purpose of the ESOP is to provide an incentive to encourage participation by Eligible Participants in the Company through Share ownership and to attract, motivate and retain Eligible Participants.

(c) **Offer of ESOP Options**

When an Eligible Participant satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (**Offer**) to the Eligible Participant of ESOP Options. The Offer will specify the number of ESOP Options being offered and the conditions that must be met by the Eligible Participant before the ESOP Options will vest.

(d) **Number of ESOP Options Offered**

The number of ESOP Options that will be offered to an Eligible Participant pursuant to an Offer is entirely within the discretion of the Directors. Each ESOP Option will, upon vesting, entitle the holder to one (1) Share in the capital of the Company.

(e) **Vesting Conditions**

The ESOP Options will not vest unless the vesting conditions imposed by the Board have been satisfied.

(f) **Exercise Price**

The exercise price of any ESOP Option offered to an Eligible Participant shall be at the absolute discretion of the Board.

(g) **Lapse of ESOP Options**

ESOP Options that have not vested will lapse on the second anniversary of the date of grant of the ESOP Option or such later date as agreed by the Board.

The ESOP Options will immediately lapse, subject to board discretion, where:

- (i) the Eligible Participant ceases to be an employee or director of, or to render services to, the Company or its Associated Body Corporate;
- (ii) the exercise conditions are unable to be met; or
- (iii) the lapsing date has passed.

(h) **Shares Allotted Upon Exercise of ESOP Options**

The Company will issue or transfer Shares to the Eligible Participant as soon as practicable after the exercise of any ESOP Options. The Shares allotted under the ESOP will be of the same class and will rank equally with Shares in the Company at the date of issue.

The Company will seek listing of the new Shares on ASX within the time required by the ASX Listing Rules.

(i) **Transfer of ESOP Options**

An ESOP Option issued under the ESOP is not transferable without the consent of the Board.

(j) **Takeover or Scheme of Arrangement**

Where:

- (i) a notice of meeting is despatched to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to Section 411 of the Corporations Act;
- (ii) an announcement of a takeover bid is made or a bidder's statement for a bid is received by the Company; or
- (iii) a person or group of associated persons becomes entitled, subsequent to the date of grant of the relevant ESOP Options, to sufficient Shares to give them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such an ability was not already held by that person,

then the Directors may determine that the ESOP Options may be exercised at any time from that date, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control, or to use their reasonable endeavours to procure that an offer is made to holders of the ESOP Options on like terms to the terms proposed under the change of control event.

(k) **Bonus Issues, Rights Issues and Capital Reconstruction**

In order to prevent a reduction of the rights of holders of the ESOP Options, in the event of bonus issues or a capital reconstruction, there are provisions in the rules which provide a method of adjustment of the number or terms of ESOP Options to prevent such a reduction in compliance with the Listing Rules.

(l) **Participation in New Issues**

There are no participating rights or entitlements inherent in the ESOP Options and (subject to item (k)) the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the ESOP Options. In addition, holders of the ESOP Options will not be entitled to vote or receive dividends as a result of their holding of ESOP Options.

## PROXY FORM

AVANCO RESOURCES LIMITED  
ACN 126 379 646

### ANNUAL GENERAL MEETING

I/We

of:

Being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 3.00pm AEST on 26 May 2017 at the Podium Room Four, The Rydges South Bank Hotel, 9 Glenelg Street Brisbane, Queensland and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of a Director – Colin Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of a Director – Luis Azevedo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of a Director – Luiz Ferraz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of a Director – Paul Chapman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Re-Adoption of Employee Share Option Plan (ESOP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES  NO



## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to PO Box 1726, WEST PERTH WA 6872 Australia; or
  - (b) facsimile to the Company on facsimile number +61 8 9200 1850; or
  - (c) email to the Company at [agm@avancoresources.com](mailto:agm@avancoresources.com),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**