



7 April 2009

Companies Announcements Office
ASX Limited
20 Bridge Street
SYDNEY, NSW 2000

NOTICE TO OPTIONHOLDERS OF PARTICIPATION IN ENTITLEMENT ISSUE

Please find attached a Notice to Avanco Resources Limited Optionholders of their right to participate in the Company's pro-rata renounceable Entitlement Issue.

Yours sincerely

Scott Funston
Company Secretary
AVANCO RESOURCES LIMITED

7 April 2009

Dear Optionholder,

PARTICIPATION IN PRO-RATA RENOUNCEABLE ENTITLEMENT ISSUE

As announced to ASX on 6 April 2009, Avanco Resources Limited (**Avanco Resources**) is undertaking a pro-rata renounceable entitlement issue of approximately 223,494,567 shares to its shareholders who are registered as shareholders at 5pm (WST) on 17 April 2009 (**Record Date**) to raise approximately \$2,234,946 (**Entitlement Issue**).

The shares will be offered on the basis of three (3) shares for every one (1) share held as at the Record Date together with one (1) free attaching option for every two (2) shares subscribed for and allotted under the Entitlement Issue.

Shareholders who do not wish to take up their entitlement to subscribe for shares and options under the Entitlement Issue will be permitted to trade their rights on ASX.

The rights attaching to the shares together with all other relevant information relating to the Entitlement Issue was set out in a prospectus which was lodged with the Australian Securities and Investments Commission and ASX on 6 April 2009. A copy of the prospectus, together with the Entitlement and Acceptance Form, will be sent to shareholders on or about 23 April 2009.

Key Dates

The proposed timetable for the Entitlement Issue is as follows:-

Lodgement of Prospectus with ASIC	6 April 2009
Ex Date – Rights trading commences	9 April 2009
Record Date for determining Shareholder entitlements	17 April 2009
Prospectus despatched to Shareholders and Opening date of Offer	23 April 2009
Rights trading ceases	30 April 2009
Deferred trading commences	1 May 2009
Closing Date of Offer	7 May 2009
Despatch date/Deferred trading ceases/Shares and Options entered into shareholders security holdings	15 May 2009

These dates are subject to change and are indicative only.

There is no inherent right in your options to participate in the Entitlement Issue, unless you exercise your options and are entered onto the register as a shareholder on or before the Record Date. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Entitlement Issue.

If you wish to participate in the Entitlement Issue, or trade your rights on ASX, you must exercise your options in time for the new shares to be allotted before the Record Date. To ensure that your new shares are allotted before the Record Date your notice of exercise of options together with your cheque for the necessary amount must be received by Computershare Investor Services Pty Ltd no later than 17 April 2009. Any notice of exercise of options received after this date cannot be assured of allotment before the Record Date.

If you do not wish to participate in the Entitlement Issue (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Entitlement Issue carefully and if in any doubt, consult with your professional advisor.

Please call the Share Registry, Computershare Investor Services Pty Ltd, on 9323 2000 if you have any questions.

Yours sincerely



Scott Funston

Company Secretary

AVANCO RESOURCES LIMITED