



10 March 2010

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 non-renounceable entitlement issue.

Yours sincerely

Scott Funston
Company Secretary
AVANCO RESOURCES LIMITED

10 March 2010

Dear Optionholder,

PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

As announced to ASX on 8 March 2010, Avanco Resources Limited (**Avanco Resources**) is undertaking a pro-rata non-renounceable entitlement issue of approximately 204,492,948 Shares to its shareholders who are registered as shareholders at 5pm (WST) on 18 March 2010 (**Record Date**) to raise approximately \$5,112,324 (**Entitlement Issue**).

The Shares will be offered on the basis of two (2) new Shares for every three (3) Shares held as at the Record Date together with one (1) free attaching Option for every five (5) Shares subscribed for and allotted under the Entitlement Issue.

The rights attaching to the Shares together with all other relevant information relating to the Entitlement Issue is set out in a prospectus which was lodged with the Australian Securities and Investments Commission and ASX on 9 March 2010 (**Prospectus**). A copy of the Prospectus, together with the Entitlement and Acceptance Form, will be sent to shareholders on or about 19 March 2010.

Key Dates

The proposed timetable for the Entitlement Issue is as follows:

Lodgement of Prospectus with ASIC and ASX	9 March 2010
Notice sent to Shareholders	10 March 2010
Ex Date	12 March 2010
Record Date for determining Shareholder entitlements	18 March 2010
Prospectus dispatched to Shareholders	19 March 2010
Opening Date of Offer	19 March 2010
Closing Date of Offer 5 pm (WST)	6 April 2010
Dispatch holding statements	14 April 2010

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 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 18 March 2010**. 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