



14 October 2008

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

14 October 2008

Dear Option holder,

PARTICIPATION IN PRO-RATA RENOUNCEABLE ENTITLEMENT ISSUE

As announced to ASX on 13 October 2008, Avanco Resources Limited (**Avanco Resources**) is undertaking a pro-rata renounceable entitlement issue of approximately 44,000,002 shares to its shareholders who are registered as shareholders at 5pm Western Daylight Saving Time on 22 October 2008 (**Record Date**) to raise approximately \$2,200,000 (**Entitlement Issue**).

The shares will be offered on the basis of four (4) shares for every five (5) shares held as at the Record Date together with four (4) free attaching options for every four (4) 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 13 October 2008. A copy of the prospectus, together with the Entitlement and Acceptance Form, will be sent to shareholders on or about 27 October 2008.

Key Dates

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

Lodgement of Prospectus and Appendix 3B	13 October 2008
"Ex" date. Rights trading commences	16 October 2008
Record Date to determine entitlements	22 October 2008
Prospectus and Entitlement & Acceptance Form sent to Shareholders	27 October 2008
Rights trading ends	5 November 2008
Closing Date	12 November 2008

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 option together with your cheque for the necessary amount must be received by Computershare Investor Services Pty Ltd no later than 22 October 2008. Any notice of exercise of option 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