

10 March 2010

Dear Shareholder

Non-renounceable Entitlement Issue

On 8 March 2010, Avanco Resources Limited (**Company**) announced to ASX Limited (**ASX**) the details of a non-renounceable entitlement issue of approximately 204,492,948 Shares at an issue price of 2.5 cents each, on the basis of two (2) Shares for every three (3) Shares held by shareholders registered at 5pm (WST) on 18 March 2010, together with a free attaching Option on a one (1) for five (5) basis, to raise approximately \$5,112,324 (**Offer**).

The Offer is fully underwritten by CPS Securities (**Underwriter**) and any Shares and Options not taken up by shareholders pursuant to the Offer will be allocated to the Underwriter.

The prospectus relating to this Offer (**Prospectus**) has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at www.asx.com.au for inspection. A copy of the Prospectus is also available on the Company's website at www.avancoresources.com and will be sent to shareholders on or about 19 March 2010.

Event	Date
Announcement of Entitlements Issue and lodgement of Appendix 3B	8 March 2010
Prospectus lodged with ASIC and ASX	9 March 2010
Ex Date (date from which securities commence trading without the entitlement to participate in the entitlement issue)	12 March 2010
Record Date (date for determining entitlements of eligible shareholders to participate in the entitlement issue)	18 March 2010
Prospectus dispatched to Shareholders (expected date of dispatch of offer document, entitlement and acceptance forms)	19 March 2010
Opening Date of Offer	19 March 2010
Closing Date* 5pm (WST)	6 April 2010

Deferred settlement trading commences	7 April 2010
Company to notify ASX of undersubscriptions (if any) **	9 April 2010
Dispatch holding statements / Deferred settlement trading ends	14 April 2010
Normal trading commences	15 April 2010

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the new Shares and Options.

** These dates are indicative only.

Use of Funds

The Company intends to apply the funds raised from the Offer towards:

Proceeds of the Offer	\$
Exploration of the Carajas Copper Project	1,600,000
Exploration of the Touro Nickel Project	1,500,000
Metallurgical Testing at the Carajas Copper Project	75,000
Feasibility studies and mine permitting at the Carajas Copper Project	250,000
Evaluation and acquisition of new projects	550,000
Working capital	797,324
Expenses of the Offer ¹	340,000
Total	\$5,112,324

The use of funds set out above is a "best estimate" only. It is important to recognise that the use of funds may be subject to change in line with results, circumstances and other opportunities.

Yours sincerely

Scott Funston
Director
AVANCO RESOURCES LIMITED