

15 October 2008

Dear Shareholder

Renounceable Entitlement Issue

On 13 October 2008, the Company announced to ASX Limited (**ASX**) the details of a renounceable entitlement issue of approximately 44,000,002 Shares at an issue price of 5 cents each, on the basis of four (4) Shares for every five (5) Shares held on the record date, together with free attaching options on a four (4) for four (4) basis, to raise approximately \$2,200,000 (**Offer**).

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

The prospectus relating to this Offer (**Prospectus**) has been lodged with the ASX and is available on the ASX website at www.asx.com.au for inspection. A copy of the Prospectus will be sent to shareholders on or about 27 October 2008.

Event	Date
Announcement of Entitlements Issue	13 October 2008
Appendix 3B and Prospectus lodged with ASX	13 October 2008
Notice sent to Security Holders	13 October 2008
Ex Date and rights trading commences (date from which securities commence trading without the entitlement to participate in the Entitlements Issue)	16 October 2008
Record Date (date for determining entitlements of eligible shareholders to participate in the Entitlements Issue)	22 October 2008
Prospectus Dispatched to Shareholders (expected date of dispatch of offer document, entitlement and acceptance forms)	27 October 2008

Opening Date of Offer	27 October 2008
Rights trading ends	5 November 2008
Closing Date* 5pm (WDST)	12 November 2008
Company to notify ASX of undersubscriptions (if any) **	14 November 2008
Dispatch holding statements **	18 November 2008
Normal trading commences	19 November 2008

* 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	Minimum Subscription	Maximum Subscription
Repayment of loan ¹	\$250,000	\$250,000
Feasibility Studies and Mine Permitting for the Carajas Copper Project	\$141,000	\$700,000
Exploration expenditure on Carajas Copper Project	\$250,000	\$1,050,000
Expenses of the Offer ²	\$109,000	\$200,000
Total	\$750,000	\$2,200,000

Notes:

¹ On 3 October 2008, an entity associated with Matthew Wood (a Director) provided interim loan funding pending completion of a capital raising.

The minimum subscription to the Offer is \$750,000. If than the minimum subscription is received, additional funds of up to \$1,450,000 (being the difference between the minimum and maximum subscription) will be applied as follows and in order of priority:

Allocation	
Feasibility Studies and Mine Permitting for the Carajas Copper Project	\$559,000
Exploration Expenditure on Carajas Copper Project	\$800,000
Total	\$1,359,000
Increased expenses of Offer	\$91,000
Total	\$1,450,000

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

Matthew Wood
Director
AVANCO RESOURCES LIMITED