
AVANCO RESOURCES LIMITED

ABN 85 126 379 646

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 9:30 am (WST)

DATE: 23 November 2009

PLACE: Level 1
33 Richardson Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9321 6600.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Avanco Resources Limited which this Notice of Annual General Meeting relates to will be held at 9:30 am (WST) on 23 November 2009 at:

Level 1
33 Richardson Street
West Perth WA 6005

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) deliver the proxy form by hand to the Company's registered office at Level 1, 33 Richardson Street, West Perth, Western Australia;
- (b) mail the proxy form to the Company's registered office at PO Box 826 West Perth, Western Australia, 6872; or
- (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9200 4469,

so that it is received not later than 9:30 am (WST) on 21 November 2009.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Avanco Resources Limited will be held at Level 1, 33 Richardson Street, West Perth WA 6005 at 9:30 am (WST) on 23 November 2009.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at the close of business on 21 November 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2009.”

2. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR – MR ANTHONY POLGLASE

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Anthony Polglase, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RE-ELECTION OF A DIRECTOR – MR SCOTT FUNSTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clauses 11.11 and 11.12 of the Constitution and for all other purposes, Scott Funston, a Director who was appointed on 17 March 2009, retires and, being eligible, is re-elected as a Director of the Company.”

4. RESOLUTION 4 – RATIFICATION OF OPTION ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 of the Listing Rules of Australian Securities Exchange Limited and for all other purposes, the Company ratifies the allotment and issue of 44,698,913 options in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: An equity issue can be ratified by shareholders in accordance with the ASX Listing Rules. This allows the Company the flexibility to issue securities in the future up to the threshold of 15% of its total ordinary securities in any 12 month period. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the issue, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 8,666,666 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

DATED: 14 OCTOBER 2009

BY ORDER OF THE BOARD

**MR SCOTT FUNSTON
COMPANY SECRETARY
AVANCO RESOURCES LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 9:30 am (WST) on 23 November 2009 at Level 1, 33 Richardson Street, West Perth WA 6005.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.avancoresources.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2009.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR – MR ANTHONY POLGLASE

Clause 11.3 of the Constitution of the Company provides that at each Annual General Meeting one third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one third of the directors must retire from office. A retiring director is eligible for re-election.

The Company currently has three Directors and accordingly Mr Anthony Polglase must retire.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election. Mr Anthony Polglase retires by rotation and seeks re-election as a Director of the Company.

4. **RESOLUTION 3 – RE-ELECTION OF A DIRECTOR – MR SCOTT FUNSTON**

Clauses 11.11 and 11.12 of the Constitution of the Company provide that the Directors may at any time appoint a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Scott Funston retires in accordance with the Constitution and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

5. **RESOLUTION 4 – RATIFICATION OF OPTION ISSUE**

On 12 May 2009, the Company announced to ASX the completion of a non-renounceable entitlement issue of 223,494,567 Shares on the basis of 3 new Shares for every 1 Share held at an issue price of 1 cent per Share to raise \$2,234,946 together with 1 free attaching Option for every 2 Shares allotted (**Entitlement Issue**).

The Entitlement Issue was fully underwritten by Patersons Securities Limited (**Underwriter**). Further details of the Entitlement Issue are set out in the Company's prospectus dated 6 April 2009.

Pursuant to the underwriting agreement between the Company and the Underwriter, the Company agreed to issue to the Underwriter a total of 44,698,913 Options as a fee to induce sub-underwriting commitments in relation to the Entitlement Issue. The Options were issued on the same terms as the Options issued under the Entitlement Issue.

Resolution 3 seeks Shareholder ratification of the issue of 44,698,913 Options.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Ratification by the shareholders of the Company is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to Resolution 3:

- (a) 44,698,913 Options were allotted and issued;
- (b) the Options were issued to Patersons Securities Limited (or its nominees);
- (c) the Options were issued for nil consideration;

- (d) the Options were issued on the terms and conditions set out in Schedule 1; and
- (e) the Options were issued to induce sub-underwriting commitments as part of the terms of an underwriting of the Entitlement Issue. Accordingly, no funds have been raised from the issue of the Options.

6. RESOLUTION 5 – ISSUE OF SHARES

6.1 General

Resolution 5 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of 8,666,666 Shares.

The Shares are proposed to be issued to a consultant in lieu of cash payments for legal consulting services provided to the Company which have included:

- (a) the re-negotiation of tenement option terms relating to the Carajas Projects; and
- (b) facilitating regulatory protocols for the on-going trial mining permitting activities at the Rio Verde property.

A summary of ASX Listing Rule 7.1 is set out in Section 5 above.

The effect of Resolution 5 will be to allow the Directors to issue the Shares during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The recipient of the Shares is not a related party of the Company.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares to be issued is 8,666,666;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment and issue of the Shares will occur on one and the same date;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be allotted and issued to Mr Luis Azevedo (or his nominee); and
- (e) no funds will be raised from the issue of Shares as the Shares are being issued in consideration for consulting services provided to the Company.

7. ENQUIRIES

Shareholders should contact the Company Secretary on +61 8 9321 6600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

Board means the board of directors of the Company.

Company means Avanco Resources Limited (ABN 85 126 379 646).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

Meeting means the meeting convened by the Notice.

Notice of Meeting or **Notice of Annual General Meeting** means the notice of annual general meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Share means a share in the Company.

Shareholder means a shareholder in the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) The Options have an expiry date of 5.00pm (WST) on 30 April 2012 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) Each Option gives the optionholder the right to subscribe for one Share. To obtain the right given by each Option, the optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (c) The exercise price payable upon exercise of each Option will be 1.5 cents (**Exercise Price**).
- (d) All or part of the Options may be exercised at any time prior to the Expiry Date, from time to time.
- (e) An optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of the Options on ASX.
- (j) The Company will also apply for quotation by ASX of all Shares allotted pursuant to the exercise of Options within 10 Business Days after the date of allotment of those Shares.
- (k) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which an optionholder is entitled or the Exercise Price of the Options or both will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (l) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (m) There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure

that for the purposes of the proposed issue notice of the new issue will be given to optionholders at least ten (10) business days before the record date. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

PROXY FORM

APPOINTMENT OF PROXY
AVANCO RESOURCES LIMITED
ABN 85 126 379 646

ANNUAL GENERAL MEETING

I/We
of

being a member of Avanco Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 9.30 am (WST) on 23 November 2009 at Level 1, 33 Richardson Street, West Perth, Western Australia and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1 to 5** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 5 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

OR

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Anthony Polglase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Scott Funston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Option Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s): _____ Date: _____

Individual or Member 1	Member 2	Member 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

AVANCO RESOURCES LIMITED
ABN 85 126 379 646
Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - (f) deliver the proxy form by hand to the Company's registered office at Level 1, 33 Richardson Street, West Perth, Western Australia;
 - (g) mail the proxy form to the Company's registered office at PO Box 826, West Perth, Western Australia, 6872; or
 - (h) send the proxy form by facsimile to the Company on facsimile number +61 8 9200 4469,

so that it is received not later than 9:30 am (WST) on 21 November 2009.

Proxy forms received later than this time will be invalid.