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**AVANCO RESOURCES LIMITED**

**ACN 126 379 646**

**NOTICE OF GENERAL MEETING**

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**TIME:** 9.30am  
**DATE:** 5 April 2012  
**PLACE:** The Celtic Club  
48 Ord 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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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.30am on 5 April 2012 at:

The Celtic Club  
48 Ord Street  
West Perth WA 6005

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**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5.00pm on 3 April 2012.

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

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### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES FOR ACQUISITION

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:*

- (a) 140,000,000 Tranche 1 Shares; and
- (b) such number of Tranche 2 Shares as determined using the formula outlined in the Explanatory Statement,

*to Xstrata Copper (or its nominee) for the purpose of settling the Acquisition 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, if the Resolution is passed 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.

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#### 2. RESOLUTION 2 – ISSUE OF OPTIONS TO MR COLIN JONES

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Options to Colin Jones (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Colin Jones (or his nominee) or any of his 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**DATED: 1 MARCH 2012**

**BY ORDER OF THE BOARD**

**SCOTT FUNSTON  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES FOR ACQUISITION

#### 1.1 Background

On 20 February 2012, the Company announced to ASX that it had entered into a share sale and purchase agreement with subsidiaries of Xstrata Copper (**Sale and Purchase Agreement**) to acquire 100% of the issued shares in various subsidiaries of Xstrata Copper, which has the effect of giving the Company a 100% interest in various exploration permits in the Carajás Region in Brazil (**Acquisition**). Details of the acquired exploration permits were outlined in that announcement.

As announced, the Acquisition will increase the Company's interest in the Carajás Region and complement the Company's existing exploration assets in the region.

Resolution 1 seeks the approval of Shareholders for the Company to issue to Xstrata Copper (or its nominees), the Tranche 1 Shares and the Tranche 2 Shares as consideration for the Acquisition under the Sale and Purchase Agreement.

#### 1.2 Material Terms of Sale and Purchase Agreement

The material terms and conditions of the Sale and Purchase Agreement are as follows:

- (a) (**Condition Precedent**): the Sale and Purchase Agreement is conditional upon the Shareholders of the Company approving the Acquisition on or before 16 May 2012 (**Condition**).
- (b) (**Consideration**): the consideration payable by the Company to Xstrata Copper is a 15% shareholding interest in the Company to be issued in two tranches:
  - (i) (**Tranche 1 Shares**): an issue of 140,000,000 Shares to occur on the date of completion of the Acquisition; and
  - (ii) (**Tranche 2 Shares**): an issue on 1 May 2012 of such number of Shares determined using the following formula to ensure that Xstrata Copper holds a 15% shareholding interest in the Company from 1 May 2012:

$$\text{Tranche 2 Shares} = ((A - \text{Tranche 1 Shares}) / B) - A$$

Where:

A = the number of Shares in the Company on issue on 1 May 2012; and

B = 85%

(**Tranche 2 Shares**); and

- (iii) In addition, on the date that is six months after the commencement of commercial production from the Pedra Branca exploration permit, the Company shall pay

US\$10,000,000 to Xstrata Copper, with such payment to be made by way of 12 equal monthly instalments.

- (c) **(Royalties)**: in addition to assuming two existing royalty obligations on the exploration permits, the Company will pay to Xstrata Copper a 1% net smelter return royalty on all product derived from the ore extracted from the exploration permits.
- (d) **(nomination of a Director)**: for a period of two years following completion of the Acquisition, Xstrata Copper has an ability to nominate a Director to the Board of the Company. Any appointment of Xstrata Copper's nominated director shall be a matter for the Shareholders.
- (e) **(right to participate)**: until the point where the Company secures project financing for the construction of the project, it must not treat Xstrata Copper any less favourably than any other substantial holder in relation to any equity financing and ensure that Xstrata Copper is not precluded from participating in any equity financing undertaken by the Company.
- (f) **(settlement)**: settlement of the Acquisition will occur within 5 Business Days after the satisfaction of the Condition (or such other date as is agreed between the parties).

The Sale and Purchase Agreement otherwise contains terms which are either considered standard for an agreement of this nature or are required for the purpose of properly affecting the Company's acquisition of the shares in the relevant Xstrata Copper subsidiaries that hold the exploration permits.

### 1.3 Capital Structure

The indicative effect of the Acquisition on the capital structure of the Company, based on the capital structure of the Company as at the date of this Notice of Meeting, will be as follows:

	Shares	Options
Current issued capital <sup>1</sup>	817,293,516	183,491,431
Tranche 1 Shares payable pursuant to Acquisition	140,000,000	Nil
Tranche 2 Shares payable pursuant to Acquisition	4,228,268	Nil
<b>Total on completion of Acquisition<sup>2</sup></b>	<b>961,521,784</b>	<b>183,491,431</b>

#### Notes:

1. Assumes no further Shares are issued prior to the date of the General Meeting.
2. Assumes no further Shares are issued prior to 1 May 2012 other than the Tranche 1 Shares  $[(957,293,516 - 140,000,000) / 85\%] - 957,293,516$ . Where any additional Shares are issued by the Company prior to this date, the number of Tranche 2 Shares to be issued will increase to ensure that Xstrata Copper receives a 15% shareholding in the Company. The Company currently has on issue 132,086,431 Options exercisable at \$0.015 per Share due to expire on 30 April 2012.

### 1.4 ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month

period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue the Tranche 1 and Tranche 2 Shares pursuant to the Sale and Purchase Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity provided for in ASX Listing Rule 7.1.

### 1.5 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 the Placement:

- (a) the maximum number of Shares to be issued is:
  - (i) 140,000,000 Shares Tranche 1 Shares; plus
  - (ii) the number of Shares determined using the following formula:

$$\text{Tranche 2 Shares} = ((A - \text{Tranche 1 Shares}) / B) - A$$

Where:

A = the number of Shares in the Company on issue on 1 May 2012; and

B = 85%.

Section 1.3 provides an example of the number of Tranche 2 Shares that would be issued if no further Shares are issued after the date of this Notice of Meeting, except for the Tranche 1 Shares. Where no further Shares are issued by the Company after the date of this Notice of Meeting, a total of 144,228,268 Shares would be issued under Resolution 1. Section 1.3 also notes that the Company has 132,086,431 Options exercisable at \$0.015 on or before 30 April 2012. Where all of those Options are exercised a total of 132,086,431 new Shares may be issued by the Company before 1 May 2012, which will increase the number of Shares to be issued under Resolution 1 to ensure that Xstrata Copper receives a 15% shareholding interest in the Company;

- (b) the Tranche 1 Shares and Tranche 2 Shares will be issued no later than 3 months after the date of the 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 will occur on the same date;
- (c) the Shares will be issued for nil cash consideration as they are being issued as part consideration for the completion of the Acquisition. Accordingly, no funds will be raised from the issue of the Shares;
- (d) the Shares will be allotted and issued to Xstrata Copper (or its nominee), who is not a related party of the Company;
- (e) 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; and
- (f) as outlined in (c) above, no funds will be raised from the issue of the Shares.



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## **2. RESOLUTION 2 – ISSUE OF OPTIONS TO MR COLIN JONES**

### **2.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue 5,000,000 Options to Mr Colin Jones (**Related Party**), a Director of the Company, on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Options constitutes the giving of a financial benefit, and Mr Jones is a related party of the Company by virtue of being Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to the Mr Jones.

### **2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Options to Mr Jones:

- (a) the related party is Mr Colin Jones, who is a related party by virtue of his being a Director of the Company;
- (b) the maximum number of Options that may be granted to Mr Jones is 5,000,000;
- (c) the Options will be granted no later than 1 month after the date of the Meeting and it is anticipated that the allotment will be made on one date;
- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised. The Options will be granted to Mr Jones as part of his remuneration package to motivate and reward his performance, as a Director, in increasing Shareholder value in the Company through the ongoing development and growth of the Company; and
- (e) the terms and conditions of the Options are set out in Schedule 1;
- (f) the value of the Options and the pricing methodology is set out in Schedule 2;

- (g) the relevant interests of Mr Jones in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Colin Jones	270,000	500,000 <sup>1</sup>

<sup>1</sup> Exercisable at \$0.20 each on or before 30 April 2013.

- (h) the remuneration and emoluments from the Company to Mr Jones for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Colin Jones	\$23,333	\$30,000

- (i) if the Options granted to Mr Jones are exercised, a total of 5,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 814,453,849 to 819,453,849 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.61%.

The Company notes however that:

- (i) pursuant to Resolution 1, the Company is seeking approval to issue a minimum of 144,228,268 Shares pursuant to the Acquisition; and
- (ii) the Company has 134,926,098 existing Options exercisable at \$0.015 expiring on 30 April 2012.

The issue of any new Shares pursuant to either of the above would reduce the level of dilution caused by the issue of the Options under this Resolution 2.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	16.5 cents	2 March 2011, 14 April 2011, 15 April 2011 and 18 April 2011
Lowest	5.6 cents	26 September 2011
Last	10.5 cents	27 February 2012

- (j) the Board acknowledges the grant of Options to Mr Jones is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to Mr Jones reasonable in the circumstances for the reason set out in subparagraph 2.2(m);
- (k) the primary purpose of the grant of the Options to Mr Jones is to provide a performance linked incentive component in the remuneration package for the Related Party to motivate and reward the performance of the Related Party in his role, as a Director, in increasing Shareholder value in the Company through the ongoing development and growth of the Company;
- (l) Colin Jones declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution;
- (m) Matthew Wood recommends that Shareholders vote in favour of Resolution 2 for the following reasons:
  - (i) the grant of Options to Mr Jones will align the interests of Mr Jones with those of Shareholders as the exercise price of the Options is greater than the currently trading price of the Company's Shares on ASX;
  - (ii) the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Mr Jones; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed;
- (n) Anthony Polglase recommends that Shareholders vote in favour of Resolution 2 for the reasons set out in subparagraphs (m)(i), (m)(ii) and (m)(iii);
- (o) Scott Funston recommends that Shareholders vote in favour of Resolution 2 for the reasons set out in subparagraphs (m)(i), (m)(ii) and (m)(iii);
- (p) Simon Mottram recommends that Shareholders vote in favour of Resolution 2 for the reasons set out in subparagraphs (m)(i), (m)(ii) and (m)(iii);

- (q) in forming their recommendations, each Director considered the experience of Mr Jones, the current market price of Shares, the current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Jones as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Options to Mr Jones will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means Avanco Resources Limited (ACN 126 379 646).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

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

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Sale and Purchase Agreement** means the share sale and purchase agreement between subsidiaries of Xstrata Copper.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Tranche 1 Shares** means the 140,000,000 Shares that are payable to Xstrata Copper (or its nominee) pursuant to the Sale and Purchase Agreement.

**Tranche 2 Shares** means the number of shares calculated in accordance with Section 1.2(b)(ii) of the Explanatory Statement.

**US\$** means United States dollars.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**Xstrata Copper** means Xstrata Copper or its nominee.

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## SCHEDULE 1 – OPTION TERMS

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

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 31 December 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (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 10 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) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) 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 determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) 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.

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**SCHEDULE 2 – VALUATION OF OPTIONS**

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The Options to be issued to the Related Parties pursuant to Resolution 2 have been valued by internal management.

Using the Black & Scholes option mode and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	21 February 2012
Market price of Shares (Based on 14 day VWAP)	9.98 cents
Exercise price	15 cents
Expiry date (length of time from issue)	31 December 2014
Risk free interest rate	3.71%
Volatility	100%
<b>Indicative value per Related Party Option</b>	\$0.054 cents
<b>Total Value of Related Party Options</b>	\$269,955

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.



**PROXY FORM**

**AVANCO RESOURCES LIMITED**  
**ACN 126 379 646**

I/We   
of

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

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 9.30am (WST), on 5 April 2012 at The Celtic Club, 48 Ord Street, West Perth, Western Australia and at any adjournment thereof.

If the Chair of the 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 **Resolution 2** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 2 and that votes cast by the Chair of the General Meeting for Resolution 2 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 Resolution 2 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 2.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

**OR**

**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Approval to Issue Shares for Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of options to Mr Colin Jones	<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.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**AVANCO RESOURCES LIMITED**  
**ACN 126 379 646**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Avanco Resources Limited, PO Box 826 West Perth, WA 6872; or
  - (b) facsimile to the Company on facsimile number +61 8 9200 4469; or
  - (c) email to the Company at [info@avancoresources.com](mailto:info@avancoresources.com),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**

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