



AVOCA RESOURCES LIMITED

ABN 30 097 083 282

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29 July 2009

No. of Pages: 10

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Avoca releases documents to reflect increased and recommended Dioro offer

ASX200 gold producer, Avoca Resources Limited (**Avoca**) (ASX:AVO) has today:

- jointly announced with Dioro Exploration NL (**Dioro**) that **the directors of Dioro have unanimously agreed to recommend Avoca's unconditional takeover offer (Offer)** after Avoca agreed to increase its consideration;
- formally **increased its Offer consideration** under its takeover Offer for all of the shares in Dioro to **1 Avoca Share for every 2.3 Dioro Shares**;
- triggered an **automatic extension of the Offer period**, so that it will now close at 5.00pm (Perth time) on Wednesday 12 August 2009 (unless further extended); and
- released its Fourth Supplementary Bidder's Statement relating to the above changes in Avoca's Offer.

Avoca's increased Offer presently values each Dioro Share at 74.6 cents per share¹ and represents a premium of approximately **89%** to the 39.5 cent closing price of Dioro Shares on 9 April 2009 (the trading day prior to the announcement of the Offer)¹.

Avoca Chairman, Mr Robert Reynolds, said "We are pleased that the Dioro Board has decided to support our further increased Offer, which will allow Dioro shareholders to retain an interest in Dioro's 49% owned Frog's Leg gold mine, while becoming a shareholder of a mid-tier Australian gold producer of scale and with significant growth potential."

Avoca encourages Dioro shareholders to consider all information that has been sent to them (including that set out in the attached Fourth Supplementary Bidder's Statement) and to **ACCEPT** Avoca's unconditional and recommended Offer.

¹ As at 28 July 2009, the trading day prior to the date of this announcement, based on the closing price of Avoca Shares on ASX of \$1.715.

Please see attached the following documents for immediate release to the market:

- (a) Avoca's Fourth Supplementary Bidder's Statement;
- (b) a formal Notice of Variation of the Offer; and
- (c) a formal Notice of Automatic Extension of the Offer.

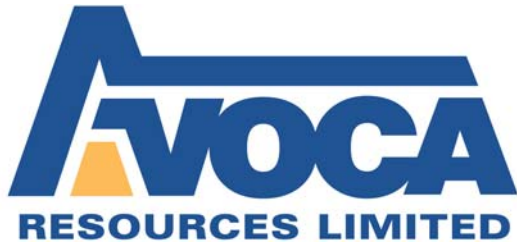
For the purpose of ASX Listing Rule 3.2, Avoca confirms that:

- (a) at the date of the Offer, Avoca (together with its associates) had a relevant interest in 14.95% of Dioro's ordinary shares; and
- (b) at the date of this Offer extension, Avoca (together with its associates) has a relevant interest in 22.32% of Dioro's ordinary shares.

For further enquiries, please contact:

Avoca Resources: Rohan Williams 08 9226 0625

Purple Communications: Warrick Hazeldine 08 6314 6300 / 0417 944 616



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The Shareholders
Dioro Exploration NL

Dear fellow Dioro Shareholder

FOURTH SUPPLEMENTARY BIDDER'S STATEMENT

DIORO BOARD UNANIMOUSLY RECOMMENDS ACCEPTANCE OF INCREASED AVOCA OFFER

This is the fourth supplementary bidder's statement (**Fourth Supplementary Bidder's Statement**) to the bidder's statement (**Bidder's Statement**) of Avoca Resources Limited ABN 30 097 083 282 (**Avoca**) dated 5 May 2009 given in connection with its takeover offer for all of the shares in Dioro Exploration NL ABN 31 009 271 532 (**Dioro**). This Fourth Supplementary Bidder's Statement supplements, and must be read together with, the Bidder's Statement, Avoca's first supplementary bidder's statement dated 6 July 2009, Avoca's second supplementary bidder's statement dated 13 July 2009, and Avoca's third supplementary bidder's statement dated 22 July 2009. This Fourth Supplementary Bidder's Statement is dated 29 July 2009 and has been approved by a unanimous resolution of the Avoca board. A copy of this Fourth Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this Fourth Supplementary Bidder's Statement.

1 Increase in consideration and Dioro board recommendation

Avoca has today given notice that it has **increased** its Offer consideration to **1 Avoca Share for every 2.3 Dioro Shares**. The increase will apply to all Dioro shareholders who accept the Offer, including those who accepted prior to the increase.

As announced to ASX jointly by Avoca and Dioro on 29 July 2009 (in the enclosed joint ASX announcement), **the Directors of Dioro have now unanimously recommended that**, in the absence of a superior offer, **Dioro shareholders ACCEPT Avoca's increased Offer. Those Directors of Dioro who control shares in Dioro presently intend to accept Avoca's increased Offer in respect of the Dioro shares they control**, in the absence of a superior offer for Dioro shares. Dioro will shortly release a Sixth Supplementary Target's Statement setting out the reasons for the directors' recommendation, and Dioro shareholders should read this in full.

The increased Offer values your Dioro Shares at **74.6 cents per share** (based on the \$1.715 closing price of Avoca Shares on 28 July 2009, the trading day prior to announcement of the increase). This now represents a premium of approximately **89%** to

the 39.5 cent closing price of Dioro Shares on 9 April 2009 (the trading day immediately prior to the announcement of the Offer).

Avoca's previously announced acceleration of payment terms will continue to apply, meaning that Dioro shareholders who accept the Offer (at the increased Offer consideration) will be issued with Avoca Shares within 10 Business Days of receipt of a valid acceptance or their acceptance instructions being implemented.

You will find enclosed a formal notice of variation in respect of this increase.

2 Extension of Offer Period

Avoca's Offer was due to close at 5.00pm (Perth time) on Tuesday 4 August 2009. Given that Avoca has, in the last 7 days of the Offer Period, varied its Offer consideration, the offer period is (in accordance with the Corporations Act) automatically extended by 14 days from the date of the increase so that it will now close at 5.00pm (Perth time) on Wednesday 12 August 2009 (unless further extended). A separate formal notice of this automatic extension is enclosed.

3 Updates to information in Bidder's Statement

Since the date of the revised capital structure information set out in Avoca's first supplementary bidder's statement:

- (a) further Avoca convertible bonds having a principal amount of \$200,000 have been converted into Avoca Shares at a conversion price of \$1.741 per Share. This has resulted in the issue of 114,876 Avoca Shares and the reduction in the outstanding amount represented by the convertible bonds to \$20.2 million;
- (b) Avoca has declared its Offer unconditional and has commenced issuing Avoca shares in exchange for acceptances of Avoca's Offer; and
- (c) Avoca has today increased its Offer consideration (as described in section 1 above).

As a result of the above changes, Avoca has further updated the pro forma balance sheet (originally set out in section 7.5 of the Bidder's Statement, and updated in the first supplementary bidder's statement) and sets it out below.

	Avoca Audit Reviewed Balance Sheet as at 31 December 2008 (\$)	Dioro Audit-reviewed Balance Sheet as at 28 February 2009 (\$)	Avoca Capital Raising January 2009 Adjustments (\$)	Conversion of Convertible Bonds June 2009 (\$)	Acquisition of Dioro Adjustments (\$)	Combined Group Pro Forma Balance Sheet (\$)
Current Assets						
Cash and cash equivalents	4,052,902	4,995,279	28,918,340	-	-	37,966,521
Trade and other receivables	2,098,140	1,720,215	-	-	-	3,818,355
Inventories	9,433,929	8,795,102	-	-	-	18,229,031
Derivative financial instruments	2,080,854	-	-	-	-	2,080,854
Total Current Assets	17,665,825	15,510,596	28,918,340	-	-	62,094,761
Non Current Assets						
Trade and other receivables	6,000	2,681,425	-	-	-	2,687,425
Derivative financial instruments	10,961,421	-	-	-	-	10,961,421
Property, plant and equipment	172,158,292	71,952,833	-	-	(16,496,670)	227,614,455
Mineral exploration and evaluation	35,178,228	26,571,427	-	-	(6,092,047)	55,657,608
Deferred tax assets	9,073,422	-	-	-	-	9,073,422
Other financial assets, investments and intercompany loans	806,833	48,153	-	-	-	854,986
Total non-current assets	228,184,196	101,253,838	-	-	(22,588,717)	306,849,317
TOTAL ASSETS	245,850,021	116,764,434	28,918,340	-	(22,588,717)	368,944,078
Current Liabilities						
Trade and other payables	25,729,928	10,426,676	-	-	-	36,156,604
Borrowings	15,957,327	6,514,772	-	-	-	22,472,099
Other financial liabilities (deferred hedging liability)	4,803,327	-	-	-	-	4,803,327
Total current liabilities	46,490,582	16,941,448	-	-	-	63,432,030
Non-current Liabilities						
Provisions	3,500,000	10,722,482	-	-	-	14,222,482
Borrowings	54,405,662	1,610,423	-	-	-	56,016,085
Other financial liabilities (deferred hedging liability)	5,699,497	-	-	-	-	5,699,497
Convertible bonds	34,412,742	-	-	(17,800,000)	-	16,612,742
Total non-current liabilities	98,017,901	12,332,905	-	(17,800,000)	-	92,550,806
TOTAL LIABILITIES	144,508,483	29,274,353	-	(17,800,000)	-	155,982,836
NET ASSETS	101,341,538	87,490,081	28,918,340	17,800,000	(22,588,717)	212,961,242
EQUITY						
Contributed Equity	122,086,378	116,467,859	28,918,340	17,800,000	(51,566,496)	233,706,081
Equity compensation reserve	2,817,112	4,226,194	-	-	(4,226,194)	2,817,112
Other reserves	2,701,031	400	-	-	(400)	2,701,031
Accumulated losses	(26,262,983)	(33,204,372)	-	-	33,204,373	(26,262,982)
TOTAL EQUITY	101,341,538	87,490,081	28,918,340	17,800,000	(22,588,717)	212,961,242

Except as described above, and in the first supplementary bidder's statement, the assumptions set out in section 7.5 of the Bidder's Statement continue to apply to the pro forma balance sheet.

Additionally, the updated capital structure of Avoca if it is successful in acquiring 100% of Dioro is set out below.

Avoca Issued Securities (as at the date of this Fourth Supplementary Bidder's Statement, excluding those already issued under Avoca's Offer)	
Fully paid ordinary shares	259,126,975
Options	12,050,000
Fully diluted capital	271,176,975

Shares issued or to be issued under Avoca Offer	
To acquire existing Dioro fully paid issued shares (other than the 14.95% of Dioro Shares owned by Avoca prior to making the Offer)	33,865,440
To acquire shares issued on exercise of existing Dioro Options or Dioro Warrants	-
Avoca Shares issued or to be issued to acquire all Dioro securities under the Offer	33,865,440
Post Offer Avoca Issued Securities	
Fully Paid ordinary shares	292,992,415
Options	12,050,000
Post Offer fully diluted capital	305,042,415

Except as described above and in the first supplementary bidder's statement, the assumptions set out in section 7.6 of the Bidder's Statement continue to apply to the capital structure detailed above.

4 Conclusion

We urge you to consider all information that has been sent to you (including that set out in this Fourth Supplementary Bidder's Statement) and to **ACCEPT** our Offer. We remind you that:

- **the Directors of Dioro have now unanimously recommended that**, in the absence of a superior offer, **Dioro shareholders ACCEPT Avoca's revised offer**;
- **those Directors of Dioro who control shares in Dioro presently intend to accept Avoca's increased Offer in respect of the Dioro shares they control**, in the absence of a superior offer for Dioro shares;
- Avoca's **increased and unconditional Offer** represents approximately an **89% premium** to the pre-announcement Dioro Share price of 39.5 cents;
- the Offer increase will apply to all Dioro shareholders who accept the Offer, including those who accepted prior to the increase; and
- if you accept Avoca's Offer you will not only continue to retain exposure to Dioro's assets, you will also gain exposure to Avoca's first-class assets.

For your convenience, you will find enclosed a further copy of a personalised acceptance form in respect of your shareholding in Dioro. You do not need to re-lodge this form if you have already accepted into the Offer.

If you have any questions about the offer or require assistance with your acceptance, please call the Avoca Offer information line on 1300 751 719 (callers within Australia) or +613 9415 4346 (callers outside Australia)

Yours sincerely



Rohan Williams
Managing Director and CEO

Avoca Resources Limited ABN 30 097 083 282

Notice of Variation – Increase in consideration

To: Australian Securities & Investments Commission (**ASIC**);
Dioro Exploration NL (**Dioro**);
ASX Limited (**ASX**); and
each person to whom an offer was made under the takeover bid referred to in this notice.

Avoca Resources Limited ABN 30 097 083 282 (**Bidder**) gives notice under section 650D(1) of the Corporations Act 2001 (Cwlth) (**Act**) that it varies the offer dated 19 May 2009 (**Offer**), made in its bidder's statement dated 5 May 2009 as varied and supplemented (**Bidder's Statement**), by:

- (a) increasing the Offer consideration to 1 Avoca Share (as defined in the Bidder's Statement) for every 2.3 Dioro Shares (as defined in the Bidder's Statement); and
- (b) substituting "2.4" with "2.3" in clause 2(a) of Appendix A of the Bidder's Statement and in all sections of the Bidder's Statement where "2.4" appears in the context of the Offer consideration.

The increased Offer consideration will apply to all Dioro shareholders who accept the Offer, including those Dioro shareholders who have already accepted the Offer.

A copy of this notice was lodged with ASIC on 29 July 2009. ASIC takes no responsibility for the contents of this notice.

This notice is dated 29 July 2009.

Signed by Rohan Williams on behalf of the Bidder. Mr Williams is authorised to sign this notice pursuant to a unanimous resolution passed by the directors of the Bidder.



Rohan Williams
Managing Director

Avoca Resources Limited ABN 30 097 083 282

Notice of automatic extension

To: Dioro Exploration NL ABN 31 009 271 532 (**Dioro**); and

Each person to whom Offers were made under the takeover bid referred to in this notice and who has not yet accepted the Offer

Avoca Resources Limited ABN 30 097 083 282 (**Avoca**) gives notice under section 624(2)(a) of the Corporations Act 2001 (Cwlth) (**Act**) that, on 29 July 2009, it varied its offer consideration (so that it is now offering 1 Avoca Share for every 2.3 Dioro shares). This variation occurred within the last 7 days of the Offer Period.

By operation of section 624(2) of the Act, the Offer Period for the Offer is automatically extended so as to end 14 days after 29 July 2009.

Accordingly, the Offer will now close at 5pm (Perth time) on Wednesday 12 August 2009 (unless further extended). Avoca's Bidder's Statement (as previously varied and supplemented) is taken to be varied accordingly (including, without limitation, in clause 3(a)(i) of Appendix A of that Bidder's Statement).

Unless the context otherwise requires, defined terms in this notice have the same meanings as in Avoca's Bidder's Statement dated 5 May 2009.

This notice is dated 29 July 2009.

Signed by Rohan Williams on behalf of Avoca. Mr Williams is authorised to sign this notice pursuant to a resolution passed by the directors of Avoca.



Rohan Williams
Director



DIORO EXPLORATION NL

ABN 31 009 271 532

29 July 2009

No. of Pages: 2

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VIA: www.asx.online.com

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Dioro Directors unanimously recommend shareholders ACCEPT increased Avoca offer of 1 Avoca share for every 2.3 Dioro shares held.

Avoca Resources Limited (**Avoca**) (ASX:AVO) and Dioro Exploration NL (**Dioro**) (ASX/TSX:DIO) wishes to announce that the directors of Dioro have agreed to recommend Avoca's unconditional takeover offer (**Offer**) after Avoca agreed to increase its consideration to **1 Avoca share for every 2.3 Dioro shares** held. The increase will apply to all Dioro shareholders who accept the Offer, including those who accepted prior to the increase.

The directors of Dioro unanimously recommend that, in the absence of a superior offer, **Dioro shareholders ACCEPT Avoca's revised Offer**. Those directors of Dioro who control shares in Dioro presently intend to accept Avoca's increased Offer in respect of the Dioro shares they control, in the absence of a superior offer for Dioro shares. Following receipt of Avoca's Fourth Supplementary Bidder's Statement, Dioro will release a Sixth Supplementary Target's Statement setting out the reasons for the directors' recommendation, which Dioro shareholders should read in full.

Avoca Chairman, Mr Robert Reynolds, said "We are pleased that the Dioro Board has decided to support our further increased Offer, which will allow Dioro shareholders to retain an interest in Dioro's 49% owned Frog's Leg gold mine, while becoming a shareholder of a mid-tier Australian gold producer of scale and with significant growth potential."

Avoca's increased Offer presently values each Dioro Share at 74.6 cents per share¹ and represents a premium of approximately **89%** to the 39.5 cent closing price of Dioro Shares on 9 April 2009 (the trading day prior to the announcement of the Offer)¹.

Avoca's previously announced acceleration of payment terms will continue to apply, meaning that Dioro shareholders who accept the Offer (at the increased Offer consideration) will be issued with Avoca shares within 10 Business Days of receipt of a valid acceptance or their acceptance instructions being implemented.

¹ As at 28 July 2009, the trading day prior to the date of this announcement, based on the closing price of Avoca Shares on ASX of \$1.715.

Avoca will shortly release a formal Notice of Variation increasing the Offer consideration, a Notice of Automatic Extension (in relation to the Offer period) and its Fourth Supplementary Bidder's Statement. As mentioned above, Dioro will thereafter release its Sixth Supplementary Target's Statement with further information for Dioro shareholders. Dioro shareholders are encouraged to read all information sent to them.

For further enquiries, please contact:

Avoca: Rohan Williams (Managing Director) +61 8 9226 0625 or Warrick Hazeldine (Purple Communications) +61 8 6314 6300 / 0417 944 616

Dioro: Rhod Grivas (Managing Director) +61 8 9423 3220 or David Tasker / Felicity Nuttall (Professional Public Relations) +61 8 9388 0944