



2 December 2008

Companies Announcement Office  
Australian Securities Exchange Limited  
Level 6  
20 Bridge Street  
Sydney NSW 2000

### **ACQUISITION OF ERIS MINING (PROPRIETARY) LTD**

Avonlea Minerals Limited (“Avonlea”) is pleased to provide the following update in respect of the 100% acquisition of Eris Mining (Proprietary) Ltd (“Eris Mining”) by way of a Share Sale Agreement (“the Transaction”).

Avonlea Managing Director, David Riekie has confirmed that the company has completed its key site visit to Namibia during October 2009 as part of the Due Diligence associated with the Transaction. The Directors as a result have satisfied themselves that the Conditions Precedent have been met under the original Share Sale Agreement with the exception of the remaining shareholder approvals in the original time frame, and subsequent appointment of Mr Hamish Halliday as a Director of Avonlea (and Steve Parsons being appointed as his alternate).

Due to these unforeseen delays, a new Share Sale Agreement has been entered into with the vendors for the acquisition of 100% of the issued capital of Eris Mining (Proprietary) Limited to replace the existing agreement which expired on 1 December 2008.

The key terms of the new agreement as are follows:

- (a) a non-refundable deposit of \$25,000 (which has already been paid and receipt acknowledged by Eris Mining);
- (b) \$125,000 to one of the Vendors, Black Peak Holdings Pty Ltd (“Black Peak”), at settlement of the Acquisition in satisfaction of a liability of Eris Mining to Black Peak;
- (c) 7,500,000 ordinary fully paid shares in the capital of Avonlea (“**Tranche I Shares**”) at settlement of the Acquisition, escrowed for 12 months;
- (d) 22,500,000 options to acquire ordinary fully paid shares in the capital of Avonlea (“**Consideration Options**”) at the settlement of the Acquisition, escrowed for 12 months. 7,500,000 of the options will vest upon the grant of EPL 4129, 7,500,000 will vest upon the achievement of a JORC maiden resource in respect of the area

**AVONLEA MINERALS LIMITED**

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- (e) comprising the Tenement of Applications and 7,500,000 will vest upon the completion of a bankable feasibility study in respect of the area comprising the Tenement of the Applications; and
- (f) 15,000,000 performance shares ("**Performance Shares**") at settlement of the Acquisition. The Performance Shares convert to Shares upon the satisfaction of the following performance milestones to the reasonable satisfaction of Avonlea;
  - i. 7,500,000 Performance Shares will convert into 7,500,000 Shares upon the grant of EPL within 1 year from the date of issue of the Performance Shares; and
  - ii. 7,500,000 Performance Shares will convert into 7,500,000 Shares upon the achievement of a JORC compliant maiden resource in respect of the area comprising the tenement or Applications within 3 years from the date of issue of the Performance Shares.
- (g) 2,500,000 ordinary fully paid shares in the capital of Avonlea ("**Tranche 2 Shares**") and a \$150,000 to Black Peak as a bonus payment if Exploration Licence EPL 4129 is granted within one year of settlement of the Acquisition;

The key changes to the Transaction as originally negotiated relate to the split of the original issues of ordinary shares into Tranche 1 and Tranche 2 shares.

It is anticipated that a Notice of Meeting will be despatched to Shareholders later this week to approve the acquisition. The meeting date has been scheduled for 14 January 2009.

Yours Faithfully



David Riekie

**MANAGING DIRECTOR**

**For further information please contact:**

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