



3 April 2009

**Directors:**

ROGER STEINEPREIS  
*Chairman*

DAVID RIEKIE  
*Managing Director*

ANDREW GASTEVICH  
*Director*

JOANNA KIERNAN  
*Company Secretary*

**Share Information**

ASX Code: AVZ

**Capital Structure\*:**

Issued Capital: 33.95m

Unlisted Options: 19.5

Cash: circa \$2.6

**Contact Information**

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**QUARTERLY REPORT FOR PERIOD ENDING 31 March 2009**

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**The Board is pleased to provide the following commentary to be read in conjunction with the Appendix 5B.**

**HIGHLIGHTS:**

- Revision of Share Sale Agreement with Eris Mining (Proprietary) Limited
- Despatch of Notice of Meeting
- Field mapping and sampling program at Diemals

**Corporate Activity**

During the quarter, the company revised the terms of the acquisition of Eris Mining (Proprietary) Limited in response to key requirements by the Namibian Ministry of Mines and Energy ("MME) for the grant and subsequent issue of the prospecting licenses. In order to comply with this requirement, Eris Mining has since transferred 5% of their issued capital to Mr Ezer Hosea Tala Angula, a resident in Namibia. As a result, Avonlea will acquire the remaining 95% of the issued capital of Eris Mining.

A summary of the transaction can be obtained by reading the ASX announcement dated 19 March 2009.

The Notice of Meeting, Explanatory Memorandum and Independent Experts report to approve the acquisition was released to the ASX on 20 March 2009.

The General Meeting will be held at 10am (WST), 30 April 2009.

## **Exploration Activity**

### **Diemals Project – Iron Ore (WA)**

- Outcropping hematite/goethite (DSO potential) mineralisation identified.
- Zone of outcropping magnetic/BIF horizons increased from 600m to 1200m.
- BIF identified and sampled in previously untested magnetic zone.

The Company recently completed a field mapping and sampling program over magnetic targets at the Diemals project area. This program has provided extensions to previously identified and sampled BIF horizons, and increased the geologic understanding of the magnetic anomalies.

The program was intended to gather information and enhance Avonlea's understanding of the southern portion of the tenement where multiple magnetic horizons can be observed in geophysical data. Areas that had not previously been targeted were visited and sampled as part of this recent program. Geological information necessary for understanding the attitude of the mineralisation was also collected and it is anticipated that it will prove useful in designing any follow-up exploration programs that may include drilling.

The western limb of the anticline that dominates the geology in the south of the tenement was inspected, and multiple BIF horizons were identified and sampled.

During the 3 days of field work 28 samples were collected for assay. It is anticipated that the results will be available for release on the ASX shortly.

### **Wentworth – Base Metals Au/Ag (QLD)**

- Structural review highlights gold potential.
- Targets generated.

Following the relinquishment of a portion of the EPM14662, a structural geologist was commissioned to examine the exploration potential of the project. The findings of this review have led to the identification of work programs to be completed that will enhance the data available, and confirm drill targets.

Most recently the Company has been targeting base metals at the project. Following the review it appears that the project has the potential to host gold mineralisation. Any future drill program will be based around development of this potential. Of significance in the historical drilling and intercepted gold mineralisation is the extended lengths of mineralisation, and the potential for supergene enrichment of gold and silver as evidenced in the elevated grades seen in PHRC003 from 17 to 26m depth.

Drillhole	From	To	Intersection	Grade Au	Grade Ag
PHRC003	16	120	104	0.41 g/t	1.5 g/t
inc.	17	27	10	1.2g/t	3.7g/t
inc.	19	21	2	2.25 g/t	5 g/t
and inc.	25	26	1	4.73 g/t	6.3 g/t
PHRC004	71	162	91	0.43 g/t	NA
PHRC005	86	99	13	0.45 g/t	NA
PHRC013	282	313.7	31.7	0.42 g/t	3.4 g/t
and.	388.4	389.6	1.2	0.78 g/t	174 g/t

For further information, please contact David Riekie on [david.riekie@avonleaminerals.com.au](mailto:david.riekie@avonleaminerals.com.au) or on +61 8 9287 5900.

Yours faithfully



**David Riekie**  
**Managing Director**

*In accordance with Listing Rules 5.6 of the Australian Stock Exchange, the technical information contained in this report has been compiled by Mr. C D Shaw, a consultant to Avonlea Minerals Ltd. Mr. Shaw is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves. Mr. Shaw consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

#### **About Avonlea Minerals Limited:**

Avonlea Minerals Limited is an Australian publically listed exploration company based in Perth, Western Australia.

The Company has targeted gold and base metal opportunities in Central Queensland and holds 85% of the iron ore rights to the Diemals Iron Ore Project in Western Australia.

More recently, Avonlea entered into a Share Sale Agreement for the acquisition of the issued capital in Eris Mining (Pty) Limited, a Namibian incorporated company that holds an exclusive prospecting licence, and six licence applications covering approximately 11,800km<sup>2</sup> of highly prospective tenure in Namibia. Namibia is generally considered one of the most desirable places in Africa to explore for minerals based on the stable political and mining friendly environment. Exploration activity in Namibia will focus on iron ore, copper, gold and rare earths/metals.

This acquisition remains subject to a number of conditions, including shareholder approval which is scheduled for 30 April 2009.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AVONLEA MINERALS LIMITED
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ABN

81 125 176 703
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Quarter ended ("current quarter")

31 March 2009
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(15)	(100)
(b) development	-	-
(c) production	-	-
(d) administration	(137)	(480)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	111
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(123)</b>	<b>(469)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(4)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(126)</b>	<b>(473)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(126)	(473)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	750
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Cost of issuing shares	-	(21)
	<b>Net financing cash flows</b>	-	729
	<b>Net increase (decrease) in cash held</b>	(126)	256
1.20	Cash at beginning of quarter/year to date	2,742	2,360
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,616	2,616

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	64
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

<b>Payments to Directors</b> Salaries, Fees and Superannuation	59
<b>Payments to Director related entities</b> Steinepreis Paganin (Legal fees)	5

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	428
4.2 Development	-
<b>Total</b>	<b>428</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,616	90
5.2 Deposits at call	-	2,652
5.3 Bank overdraft	-	-
5.4 Option funds held on trust	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,616</b>	<b>2,742</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil.		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	33,950,000	26,050,000		
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,000,000	-	<i>Exercise price</i> 20.0 cents	<i>Expiry date</i> 31 May 2012
	2,500,000	-	15.0 cents	31 August 2013
	2,500,000	-	20.0 cents	31 August 2013
	2,500,000	-	25.0 cents	31 August 2013
	2,500,000	-	30.0 cents	31 August 2013
	2,500,000	-	45.0 cents	31 August 2013
	400,000	-	10.0 cents	31 March 2014
7.8 Issued during quarter	400,000	-	10.0 cents	31 March 2014
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 03/04/09  
(Director)

Print name: David Rieke

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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