
AVONLEA MINERALS LIMITED

ACN 125 176 703

NOTICE OF GENERAL MEETING

TIME: 10.00 am (WST)

DATE: 8 October 2008

PLACE: Level 2
46 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) 9476 9202.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 8 October 2008 at:

Level 2
46 Ord Street
West Perth WA 6005

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Avonlea Minerals Limited, PO Box 140, West Perth WA 6872; or
- (b) facsimile to the Company on facsimile number (+61 8) 9476 9099,

so that it is received not later than 10.00 am (WST) on 6 October 2008.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00 am (WST) on 8 October 2008 at Level 2, 46 Ord Street, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the 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 General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 6 October 2008.

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

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR 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 ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 3,450,000 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 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.

2. RESOLUTION 2 – PLACEMENT

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 7,500,000 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.

3. RESOLUTION 3 – DIRECTOR PARTICIPATION IN PLACEMENT – DAVID RIEKIE

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

“That, subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for David Riekie (or his nominee) to participate in the Placement up to 2,500,000 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 David Riekie (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.

4. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS – DAVID RIEKIE

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 12,500,000 Director Options to David Riekie (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 David Riekie (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.

DATED: 27 AUGUST 2008

BY ORDER OF THE BOARD



**ANDREW GASTEVICH
AVONLEA MINERALS LIMITED
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00 am (WST) on 8 October 2008 at Level 2, 46 Ord Street, West Perth, Western Australia.

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. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE

1.1 General

On 19 November 2007, the Company issued 3,450,000 Shares as consideration for the acquisition of the Diemals Iron Ore Project from Duketon Consolidated Limited (**Acquisition**).

The subscriber pursuant to this issue was not a related party of the Company.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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 ASX 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.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 3,450,000 Shares were allotted;
- (b) the deemed issue price was \$0.20 per Share;
- (c) the Shares issued were all 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 were allotted and issued to the following parties in the following amounts:
 - (i) Duketon Consolidated Limited – 1,350,000 Shares;
 - (ii) Ocean Partners Pty Ltd – 1,200,000 Shares;

- (iii) South Boulder Mines Ltd – 400,000 Shares;
- (iv) Coral Brook Pty Ltd – 500,000 Shares; and
- (e) no funds were raised from this issue as the Shares were used as consideration for the Acquisition.

2. RESOLUTION 2 – PLACEMENT

2.1 General

Resolution 2 seeks Shareholder approval for the allotment and issue of 7,500,000 Shares at an issue price of \$0.10 per Share to raise a total of \$750,000 (**Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 2 will be to allow the Directors to issue the Shares pursuant to the Placement 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.

2.2 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 the Placement:

- (a) the maximum number of Shares to be issued is 7,500,000;
- (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 will occur on the same date;
- (c) the issue price will be \$0.10 per Share;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company, except David Riekie subject to Shareholder approval being obtained pursuant to Resolution 3;
- (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) the Company intends to use the funds raised from the Placement towards working capital.

3. RESOLUTION 3 – DIRECTOR PARTICIPATION IN PLACEMENT – DAVID RIEKIE

3.1 General

Resolution 3 seeks Shareholder approval for participation in the Placement by David Riekie (or his nominee) 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.

It is the view of the Directors that the exception set out in Section 210 applies in respect of the participation in the Placement by David Riekie (or his nominee) as the financial benefit, being the Shares, will be given to David Riekie (or his nominee) on the same terms as other non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms. Accordingly, Shareholder approval is not required under the Corporations Act.

However, 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.

The participation in the Placement by David Riekie (or his nominee) requires the Company to obtain Shareholder approval because the participation in the Placement by David Riekie (or his nominee) will result in the Company issuing Shares to David Riekie (or his nominee) and it is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.2 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the participation in the Placement will be by David Riekie (or his nominee);
- (b) the maximum number of Shares to be issued to David Riekie (or his nominee) is up to 2,500,000;
- (c) the Shares to be issued to David Riekie (or his nominee) as a result of his participation in the Placement will be issued no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the issue price will be \$0.10 per Share, being the same issue price as to non-related parties;
- (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) funds raised from the participation in the Placement by David Riekie (or his nominee) will form part of the total funds raised pursuant to Resolution 2 and will be used for the purposes set out in paragraph 2.2(f) above.

4. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS – DAVID RIEKIE

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 12,500,000 Options (**Director Options**) to David Riekie (or his nominee) 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.

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.

The grant of the Director Options to David Riekie (or his nominee) requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as a Director, David Riekie is a related party of the Company.

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 Director Options to David Riekie (or his nominee).

4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related party is David Riekie who is a related party by virtue of being a Director;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to David Riekie (or his nominee) is 12,500,000;
- (c) the Director Options will be granted to David Riekie (or his nominee) no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;

- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) David Riekie does not presently have a relevant interest in any securities of the Company;
- (h) the remuneration and emoluments from the Company to David Riekie for the current financial year is \$174,000 plus superannuation. David Riekie was appointed on 21 August 2008 and therefore received nil remuneration and emoluments from the Company in previous financial year;
- (i) if the Director Options granted to David Riekie (or his nominee) are exercised, a total of 12,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 26,450,000 to 38,950,000 (assuming that no other Options are exercised and no other Shares issued, including those contemplated by this Notice of Meeting) with the effect that the shareholding of existing Shareholders would be diluted by 47.3%.

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

- (j) the trading history of the Shares on ASX in the period since the Shares commenced Official Quotation up to the date of this Notice of Meeting is set out below:

	Price	Date
Highest	29 cents	19 November 2007
Lowest	10 cents	20 June 2008 15, 16 & 21 July 2008 14 & 18 August 2008
Last	12.5 cents	26 August 2008

- (k) the primary purpose of the grant of Director Options to David Riekie (or his nominee) is to provide a market linked incentive package in his capacity as Managing Director and for the future performance by him in this role. The Board (other than David Riekie) considered the extensive experience and reputation of David Riekie, the current market price of Shares and current market practices when determining the number and exercise price of the Director Options to be issued to David Riekie (or his nominee). In addition, the Board considers the grant of the Director Options to David Riekie (or his nominee) to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed; and
- (l) David Riekie declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than David Riekie) 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 the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to David Riekie (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to David Riekie (or his nominee) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. ENQUIRIES

Shareholders are required to contact Andrew Gastevich on (+ 61 8) 9476 9202 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ 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.

Company means Avonlea Minerals Limited (ACN 125 176 703).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an Option granted pursuant to Resolution 4 with the terms and conditions set out in Schedule 1.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

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

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

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Director Option as the context requires.

Placement means the issue of Shares as contemplated under Resolution 2.

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

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

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

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The Director Options will expire at 5:00 pm (WST) on 31 August 2013 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) In the event the Optionholder ceases to be a Director those Director Options not exercised on or before that date which is 3 months following the date the Optionholder ceases to be a Director will automatically lapse.
- (d) The amount payable upon exercise will be:
 - (i) 2,500,000 Director Options at \$0.15 each;
 - (ii) 2,500,000 Director Options at \$0.20 each;
 - (iii) 2,500,000 Director Options at \$0.25 each;
 - (iv) 2,500,000 Director Options at \$0.30 each; and
 - (v) 2,500,000 Director Options at \$0.45 each;

(Exercise Price).
- (e) The Director 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.
- (f) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date (where they have not automatically lapsed by operation of paragraph (c)):
 - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;

(Exercise Notice).
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) 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 Director Options specified in the Exercise Notice.
- (i) The Director Options are not transferable.

- (j) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) 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.
- (m) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Director Option had been exercised before the record date for the bonus issue.

SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to David Riekie pursuant to Resolution 4 have been independently valued.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed values, as follows:

Assumptions:					
Valuation date	27 August 2008				
Market price of Shares	12.5 cents				
Number of Director Options	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Exercise price	15 cents	20 cents	25 cents	30 cents	45 cents
Expiry date	31 August 2013				
Risk free interest rate	5.98%				
Volatility	86.2%				
Discount (lack of marketability)	30%				
Indicative value per Director Option	5.99 cents	5.57 cents	5.23 cents	4.94 cents	4.28 cents
Sub-total Value of Director Options	\$149,848	\$139,272	\$130,656	\$123,411	\$106,907
Total Value of Director Options	\$650,094				

Note: The valuations noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

PROXY FORM

**APPOINTMENT OF PROXY
AVONLEA MINERALS LIMITED
ACN 125 176 703**

GENERAL MEETING

I/We

of

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

Appoint

Name of proxy

OR

Mark this box if you wish to appoint 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, as the proxy sees fit, at the General Meeting to be held at 10.00 am (WST), on 8 October 2008 at Level 2, 46 Ord 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.

Voting on Business of the General Meeting

Resolution 1 – Ratification of Prior Issue

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2 – Placement

Resolution 3 – Director Participation in Placement – David Riekie

Resolution 4 – Issue of Director Options – David Riekie

OR

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 Resolutions 2 to 4 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 Resolutions 2 to 4 and that votes cast by the Chair of the General Meeting for Resolutions 2 to 4 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 2 to 4 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 2 to 4.

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

Signed this _____ day of _____ 2008 _____ %

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

AVONLEA MINERALS LIMITED
ACN 125 176 703

Instructions for Completing 'Appointment of Proxy' Form

1. 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. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members 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:
 - 2 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.

5. 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.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Avonlea Minerals Limited, PO Box 140, West Perth WA 6872; or
 - (b) facsimile to the Company on facsimile number +61 8 9476 9099,

so that it is received not later than 10.00 am (WST) on 6 October 2008.

Proxy forms received later than this time will be invalid.