



ASX ANNOUNCEMENT & MEDIA RELEASE

31 July 2008

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2008

HIGHLIGHTS

- **Priority Iron Ore exploration targets identified initial testing at Diemals with Ground Investigation of target areas,**
- **Airborne Geophysical Survey over Wentworth Project scheduled to commence during the Quarter completed and waiting for interpretation**

DIEMALS

The Diemals Iron Ore project is located 240 kilometres north of Southern Cross in a well known iron ore producing region in Western Australia. Portman Mining Ltd's Koolyanobbing Iron Ore Project is located in this region with 26.9 million tonnes of ore processed over the previous five years and total mineral resources of 146.5 million tonnes of ore at 61.94% Fe.

The Diemals Iron Ore Project covers approximately 200 square kilometres of ground and the Company has an 85% interest in the rights to Iron Ore (with 15% free carry to Bankable Feasibility Study). An interpreted 20 kilometres strike of Banded Iron Formation (BIF) exists within the tenement, which has received little, if any exploration for Iron Ore. LandSat TM data shows the target BIF sequence outcropping in the southern portion of the tenement.

Shortly after acquisition of the project a total of 27 random rock samples were collected from 4 areas over some 18 kilometres of strike. These samples were collected from sub-cropping to out-cropping BIF and tested on site, with 25% of these samples showing Fe values above 55%.

The Company considers the BIF sequence to be the northern extension to the BIF sequence that occurs within ground held by Transit Holdings Ltd. No systematic mapping or sampling for Iron Ore along the entire interpreted strike length has been completed.

A number of companies are actively exploring for iron ore in the Diemals region. These include:

- Portman Ltd, who in addition to exploring are operating the Windarling Iron Ore Mine 60 kilometres south of the Diemals Project, (one of three operating Portman mines in the region and the closest to the Diemals Project);
- Transit Holdings Ltd (ASX:TRH) are exploring for Iron Ore immediately south of the Diemals Project where rock chip samples over 60% Fe have been collected from the “Bolger” Prospect from BIF; and
- Polaris Metals NL (ASX:POL) are exploring for Iron Ore near the Diemals Project.

Please also refer to Attachment 1 – which identifies nearby Mines and Prospects.

Geology

A number of individual BIF units exist at Diemals. These are interbedded with Iron-rich sediments, and Fe-cherts. Widths of individual BIF units vary from 2 to 25metres, however the entire package of BIF, Fe-chert and Iron-rich sediments (here named the “BIF sequence”) can range from 60-150metres+. The BIF generally forms low to moderately steep strike ridges which can be up to 1 kilometre long. Float from the ridges can be widespread and persist downslope for 100’s of metres.

Regional Investigation

During the last quarter sampling was completed. The aim of the sampling was to identify in the field iron mineralisation related to Archaean BIF within the Project. It was reasoned that such accumulations could be related to two sources;

1. Weathered magnetite BIF (i.e.: supergene iron), occurring as surficial zones.
2. Hematite- facies BIF.

The sampling was based upon the regional mapping interpretation which had defined target areas.

Nine priority areas were visited and surface sampled. Assay results for the 9 rock chip surface and float samples suggest the outcrops originally interpreted to the BIF are predominately cherts. Further exploration focusing on the magnetic stratigraphy considered to be magnetic BIF is now a priority and will commence over coming months.

WENTWORTH

The Wentworth Project consists of two Exploration Permit Minerals ("EPM"), EPM 14662 and EPM 14745, located in the Drummond Basin of Central Queensland, approximately 300kilometres southwest of McKay. The closest regional centre is Moranbah, 40kilometres to the south east.

The Wentworth project is considered prospective for Mt Wright or Kidston style breccia systems associated with felsic volcanics.

The Company is finalising plans to begin field work at the Wentworth Project and will initially focus on the Pretoria Hill Prospect, where drilling by previous explorers has returned encouraging results.

Historical results from several holes include **17 metres @ 0.71% zinc, 70m @ 0.4 g/t Au, 11m @ 0.75 g/t Au and 1.2m @ 174g/t silver and 1.5% zinc.**

The Aeromagnetic and Radiometric Survey has been completed this quarter at the Wentworth Project and we are awaiting interpretation of data collated. The aim of this study is to better define controls to mineralisation at known areas as well as potentially identifying new targets.

For further information, please contact Andrew Gastevich on 08 9476 9202 or contact the company at admin@avonleaminerals.com.au.

Yours sincerely,



Andrew Gastevich
Executive Director

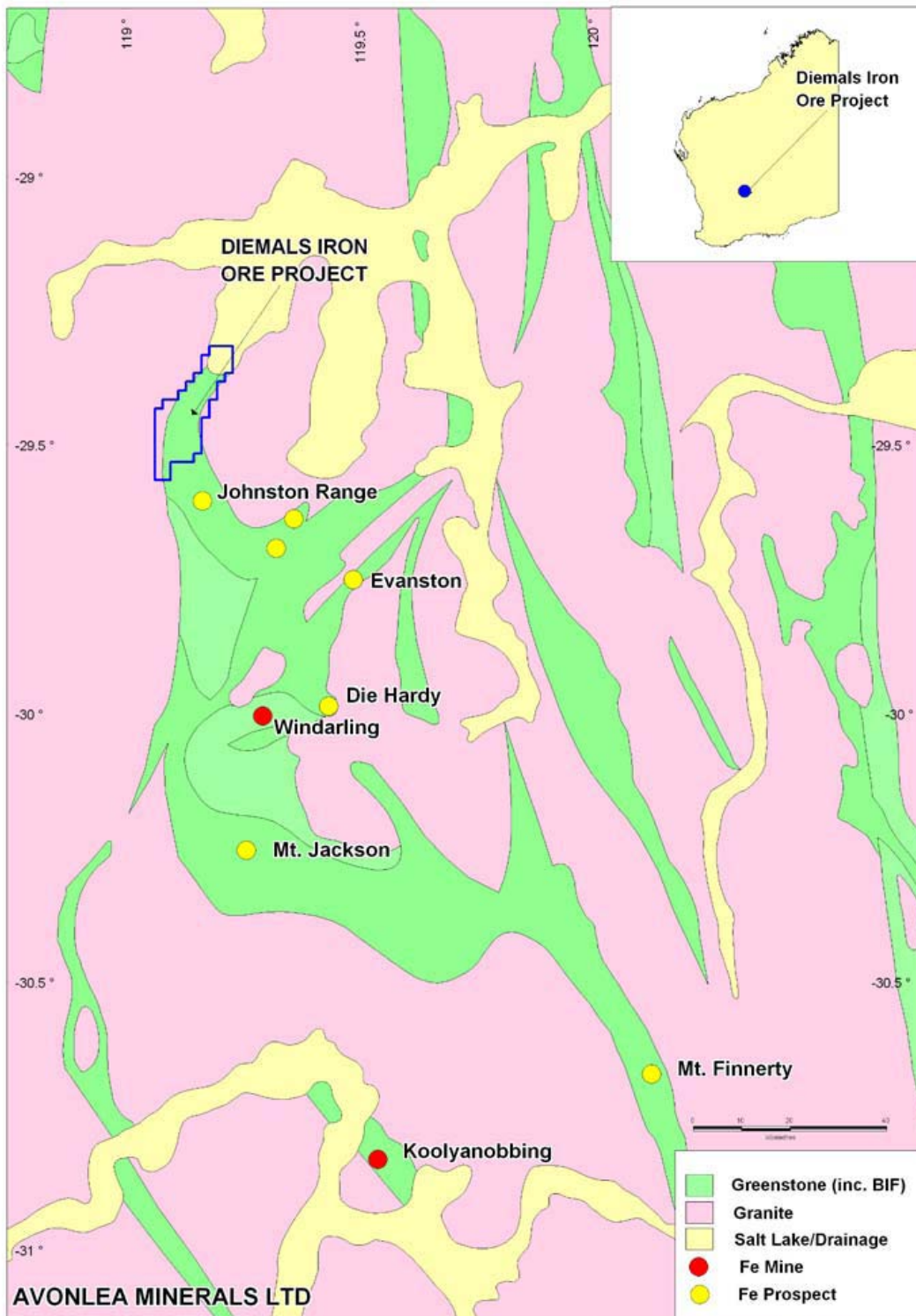
For further information, please contact;
Andrew Gastevich
Tel: (08) 9476 9202
Email: admin@avonleaminerals.com.au.

Media Enquiries
Tony Dawe
Tel: 041 3322 110

Attachments:

Attachment 1 – Diemals Iron Ore Project – Location of nearby Mines and Prospects

In accordance with Listing Rules 5.6 of the Australian Stock Exchange, the technical information contained in this report has been compiled by Mr. DJ Holden, a Director of Avonlea Minerals Ltd. Mr. Holden 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. Holden consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Attachment 1 – Diemals Iron Ore Project – Location of nearby Mines and Prospects