



21 October 2008

Directors:

ROGER STEINEPREIS
Chairman

DAVID RIEKIE
Managing Director

DAVID HOLDEN
Director

ANDREW GASTEVICH
Director / Company Secretary

Share Information

ASX Code: AVZ

Capital Structure*:

Issued Capital: 33.95m

Unlisted Options: 19.5

Cash: circa \$3m

Mkt Capitalization*: \$2.7m

**as at 21 October 2008*

Contact Information

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Quarterly Activities Report For the period ending 30 September 2008

Highlights

- **Appointment of Managing Director**
- **Finalisation of Strategic placement (\$0.75m)**
- **Priority Iron Ore exploration targets identified**
- **Completion of Airborne Geophysical Survey over Wentworth Project**

Corporate Activity

During the period the Company appointed Mr David Riekie as Managing Director, as part of the company's refocus and to enable the company to consider a range of strategic and exploration opportunities. On 21 August the company announced it had finalized the terms of a placement to sophisticated investors to raise \$750,000. This placement together with an option package for the Managing Director was ratified by shareholders market on 8 October 2008.

On 2 October 2008 the company announced details regarding the acquisition of 100% of the issued capital of Eris Mining (Proprietary) Limited, a Namibian incorporated company which is the owner of an exclusive prospecting licence and six licence applications in Namibia.

The granted licence and six pending licence applications are divided into five projects encompassing over 11,000 square kms of highly prospective tenure. The focus of exploration activity will be iron ore, copper and rare metals and earths.

Namibia is generally considered one of the most desirable places in Africa to explore for minerals based on the stable political and mining friendly environments. Avonlea will be able to draw on over 40 years of mineral exploration and company development experience in the assembled collection of projects that have both large scale, and high prospectivity.



The acquisition is subject to the satisfaction of a number of conditions precedent ordinarily associated with such a transaction, as outlined in the ASX release to market on 2 October, including Namibian Ministerial Approval.

Avonlea will send a notice of annual general meeting to shareholders, which among other resolutions; will seek their consideration and approval for the acquisition.

Exploration Activity

Diemals Iron Ore Project

The company's iron ore project is located 240 kilometres north of Southern Cross in a well known iron ore producing region in Western Australia and covers approximately 200 square kilometres.

The Company has an 85% interest in the rights to Iron Ore (with 15% free carry to Bankable Feasibility Study).

During the last quarter the company undertook a sampling program 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 delineated 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 is scheduled to 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 Wentworth project is considered prospective for Mt Wright or Kidston style breccia systems associated with felsic volcanics.



An Aeromagnetic and Radiometric Survey was completed during the quarter at the Wentworth Project and the company is 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.

Historical results from several holes include: 17m @ 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.

For further information, please contact Andrew Gastevich on 08 9476 9202 or David Riekie on mobile 0419994301.

You can also contact the company at admin@avonleaminerals.com.au.

Yours faithfully

Andrew Gastevich
Company Secretary

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.