

28 October 2010

The Board is pleased to provide the following commentary to be read in conjunction with the Appendix 5B for the Quarter ending, 30 September 2010.

HIGHLIGHTS

Exploration-Ondjou Prospect (Fe)

- ❑ **Exclusive Prospecting Licence 4286 issued; hosts the large scale Fe Ondjou Prospect**
- ❑ **Intensive exploration activities at Ondjou**
- ❑ **Surface reconnaissance and ground magnetic survey completed**
- ❑ **Rock chip samples highlighted excellent Fe grade, recovery and concentrate characteristics;**
- ❑ **Reverse Circulation drilling program (3,400m) commenced during quarter (completed mid-October) and confirms:**
 - **Fe mineralisation in all (21) drill holes**
 - **Average down hole length of mineralisation - 90m at 25% Fe**
 - **Mineralisation from surface and shallow dipping**
 - **Strike length of 3,600m and remains open**

Exclusive Prospecting Licences granted to Eris Mining

- ❑ **EPL 4416 - Vanadium focus**
 - **Hosts historic Abenab vanadium mine (42 million pounds V2O5 in conc)**
 - **40kms from Tsumeb mine (Cu, Pb, Zn)**
 - **Immediate exploration target potential**
- ❑ **EPL 4339 - Copper, Lead, Zinc focus**
 - **Along strike from operating Tsongoari Mine (Cu, Pb, Zn)**
 - **Contiguous with existing EPL 4129 (granted)**

EXPLORATION

During the quarter, Namibian explorer Avonlea Minerals Limited ("**Avonlea**" or "**Company**" ASX: **AVZ**) was advised by the Namibian Ministry of Mines and Energy ("**MME**") of the formal issue the Exclusive Prospecting Licence ("**EPL**") 4286 hosting the **Ondjou Prospect** to the Company's Fe focussed subsidiary, Himba Iron Exploration (Proprietary) Ltd ("**Himba**").

Ondjou Prospect Fe

The issue of this licence enabled the Company to initiate the planned exploration program with mapping, sample collection and a ground magnetic survey; culminating in the commencement of an 3,400m+ RC drilling program (21 holes) over a strike length of 3,600m. The overall strike length of the magnetic anomaly now known as **Ondjou** "elephant" extends for approximately 10 kms.

Directors
ROGER STEINEPRIES
Chairman

DAVID RIEKIE
Managing Director

HAMISH HALLIDAY
Non-Executive Director

ANDREW GASTEVIK
Non-Executive Director

STEVE PARSONS
Alternate Non-Exec Director

Share Information
ASX Code: AVZ

Issued Capital: 78.6m

Share Price*: 14c

Market Cap*: \$11m

* As at 27 October 2010

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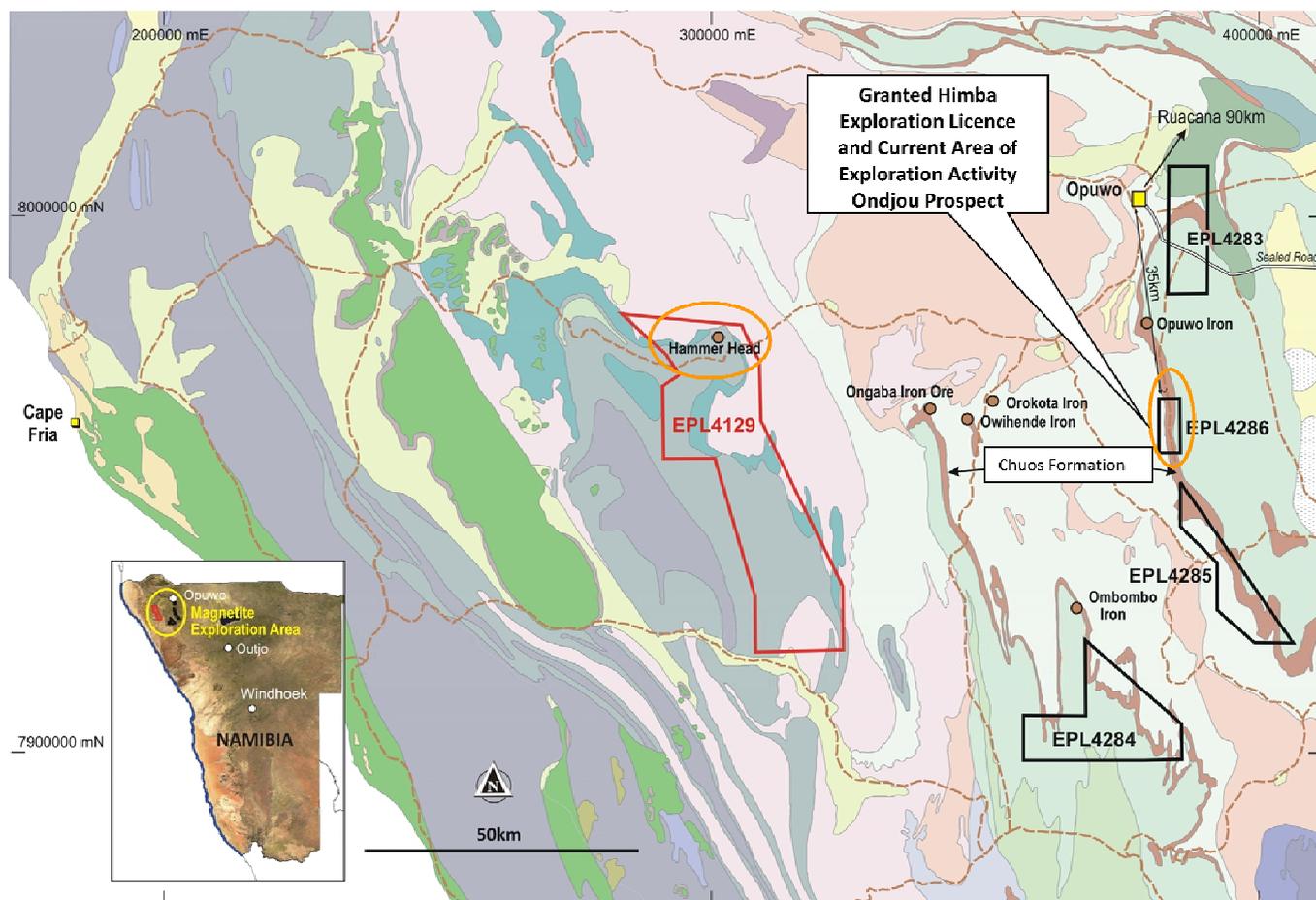


Figure One: Ondjou Prospect on EPL 4286 and additional Himba Iron EPL's

The Himba EPL's (both granted and pending) are located east of Avonlea's EPL 4129, containing the Thresher and Hammerhead, magnetite prospects. The new licence areas comprise 722 sq kms and are strategically located in close proximity to EPL 4129, the local township of Opuwo, and along strike from historically identified Fe deposits as shown in Figure One. Summarised in Table One below, are the Himba licence details.

Table One: Himba EPL details, including period, term, target mineral and area

Licence	Type	Period	Target	Area (km ²)	Status
EPL 4283	Exploration	3 Years	Iron	169	Pending
EPL 4284	Exploration	3 years	Iron	351	Pending
EPL 4285	Exploration	3 years	Iron	163	Pending
EPL 4286	Exploration	3 years	Iron and Base Metals	39	Granted

These Himba iron ore licences include over 115km of strike length of the known, iron rich horizons of the Chuos formation of North West Namibia, as shown in Figure One above.

Existing regional magnetic surveys and experience gained from the successful delineation of the significant iron ore at the Thresher/Hammerhead prospect formed the foundation for the exploration programs within the Chuos formation. Historical exploration undertaken by Bethlehem Steel Exploration and Mining Corporation in 1953 highlighted the potential of the Chuos formation to host significant iron mineralisation.

Two rock chip samples collected during the reconnaissance mapping program for preliminary Davis Tube Recovery tests; results are shown in Table Two below.

Table Two: Davis Tube Recovery results for two samples collected for analysis from within EPL4286. (Ondjou Prospect)

Sample	Grind Microns	Fe (Head) %	Fe (Conc) %	SiO ₂ (Conc) %	Al ₂ O ₃ (Conc) %	P (Conc) %	LOI %	DTR Recovery %	Sample Description
114802	38um	25	56	19.2	0.79	0.11	-1.8	23.9	Fe Rich Sandstone
114804	38um	37	69	2.0	0.22	0.11	-2.0	38.4	Banded Iron Formation

These samples are considered to be broadly representative of two styles of observed mineralisation, high grade Banded Iron Formation (BIF), and massive iron rich sandstone (diamictite). The samples were recovered from outcrops and were visibly weathered with iron minerals largely present as hematite and limonite. The impact surface oxidation on magnetic recovery of these iron minerals are being further assessed.

Details of the completed program were released to the market on 12 and 22 October and are highlighted in Figure two together with the summarised results below in Table 3.

Table Three: Highlighted results 20% Fe + results from Omega handheld XRF analyser OJRC 1 to 21 inclusive*

Hole_ID	Easting	Northing	RL	EOH (m)	Dip	Azimuth	From (m)	To (m)	Intercept	Omega Head Fe %
OJRC001	384,732	7,962,408	1594	150	-60	270	0	105	105	26.3
OJRC002	384,888	7,962,414	1608	200	-60	270	63	189	126	26.2
OJRC003	384,617	7,961,626	1602	150	-60	270	0	79	79	24.3
OJRC004	384,720	7,961,600	1599	200	-60	270	30	79	49	25.0
OJRC005	384,764	7,963,209	1586	150	-60	270	0	93	93	24.6
OJRC006	384,865	7,963,207	1591	173	-60	270	48	132	84	25.0
OJRC007	384,968	7,963,210	1620	204	-60	270	60	100	40	25.3
OJRC007							118	198	80	24.5
OJRC008	384,454	7,961,645	1614	70	-60	270	3	22	19	27.3
OJRC009	384,822	7,964,009	1574	138	-60	270	58	111	53	25.0
OJRC010	384,923	7,964,015	1594	141	-60	270	2	135	133	23.1
OJRC011	385,028	7,964,004	1604	223	-60	270	39	173	134	23.0
OJRC012	384,781	7,963,565	1577	121	-60	270	0	79	79	23.4
OJRC013	384,922	7,963,547	1613	195	-60	270	42	167	125	24.0
OJRC014	384,769	7,962,759	1590	120	-60	270	0	102	102	24.5
OJRC015	384,872	7,962,765	1591	141	-60	270	2	135	133	24.7
OJRC016	384,970	7,962,773	1592	168	-60	270	70	167	97	26.3
OJRC017	384,713	7,962,000	1591	126	-60	270	0	113	113	26.6
OJRC018	384,786	7,961,995	1600	170	-60	270	35	146	111	25.6
OJRC019	384,828	7,961,632	1623	213	-60	270	95	201	106	25.6
OJRC020	385,013	7,965,198	1542	132	-60	270	10	110	100	24.4
OJRC021	385,208	7,965,204	1555	192	-60	270	29	67	38	22.1
OJRC021							97	191	94	25.1

*Fe results from Omega handheld XRF analyser

The Company has continued to utilise its existing local service providers, in country geologists and local community participation (where practical), to develop these exploration programs.

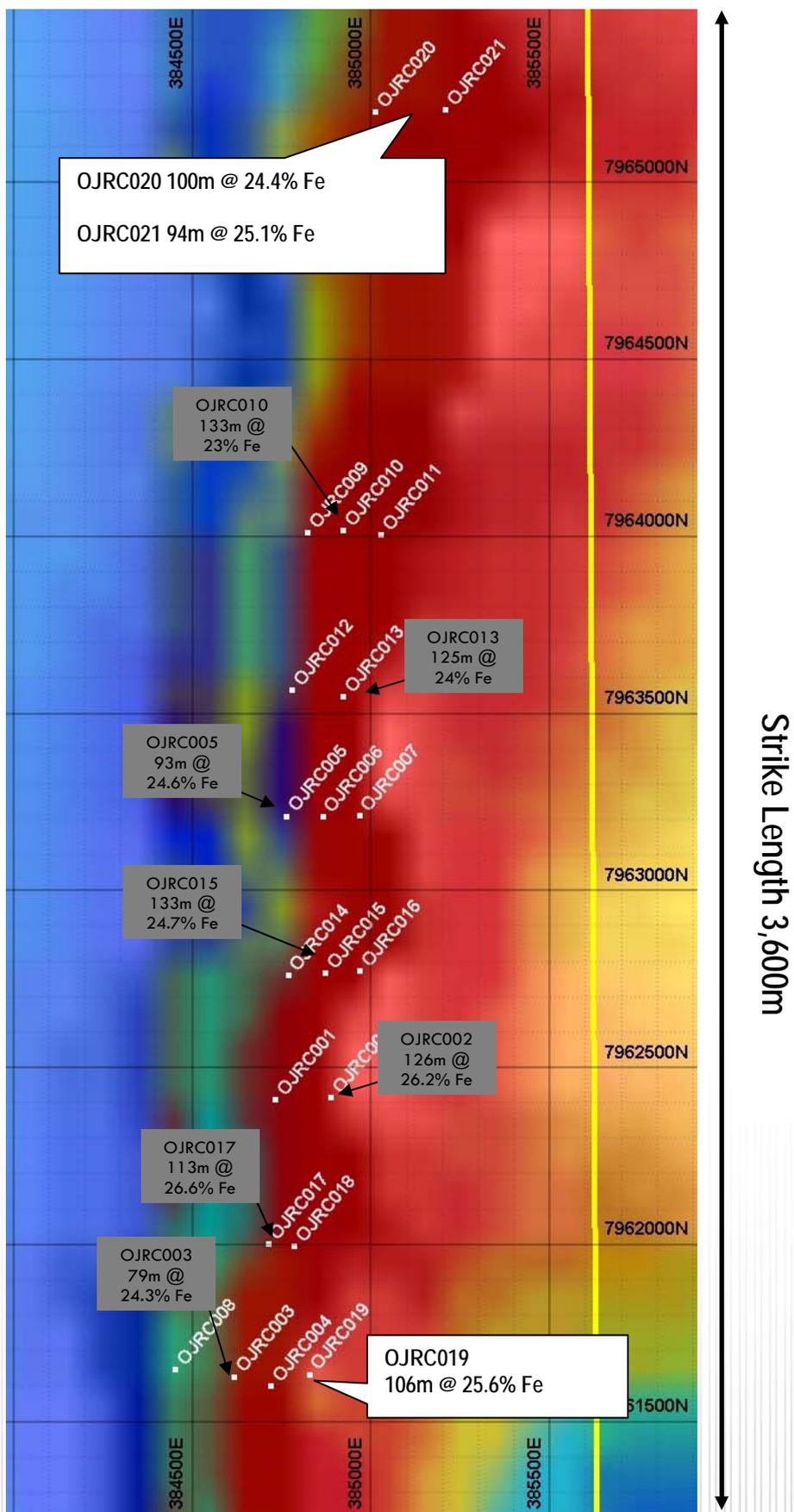


Figure 2: Drilling Highlights for completed drill sections and expanded view highlighting the area of drilling within the 10 km magnetic anomaly. Recorded Fe grades are from an Omega handheld XRF analyser.

Other Exploration –Namibia

During this same period Avonlea has also been notified by the Namibian Ministry of Mines and Energy (“MME”) of the preparedness to grant two Exclusive Prospecting Licences (“EPL’s”) to Avonlea’s 95% owned, Namibian subsidiary Eris Mining (Proprietary) Ltd (“Eris”).

EPL 4416 - Vanadium prospectivity - Northern Namibia

EPL 4416 covers approximately 420 sq. kms incorporating the historic Abenab vanadium mine and is situated on the edge of the Otavi Mountainland, close to the well-known mining town of Tsumeb in Northern Namibia (as shown in Figure 3). The world renowned Tsumeb mine (historic production of 1.7Mt Cu, 2.8Mt Pb, and 0.9Mt Zn) was in operation from 1905 to mid-1990.

The licence remains highly prospective for Vanadium, along with other base metals including Pb, Zn, and Cu. The Abenab Mine operated between 1921 and 1958 and is reported to have produced 42 million pounds of V₂O₅ in concentrate with underground mining ceasing in mineralisation, due to the incursion of water.

Along with the potential for additional vanadium rich mineralisation to be identified below the limit of historical mining, the broader licence area is also considered prospective for Tsumeb style mineralisation (Cu, Pb, and Zn). This view has been founded on the inclusion within the licence of approximately 45km of the Mulden/Hüttenberg lithologic contact. This contact horizon has been the locus of mineralisation, exemplified by the world renowned Tsumeb mine and a variety of ore bodies including V, Pb, Zn, Cu and Ag, Au within in the Otavi Mountainland region.

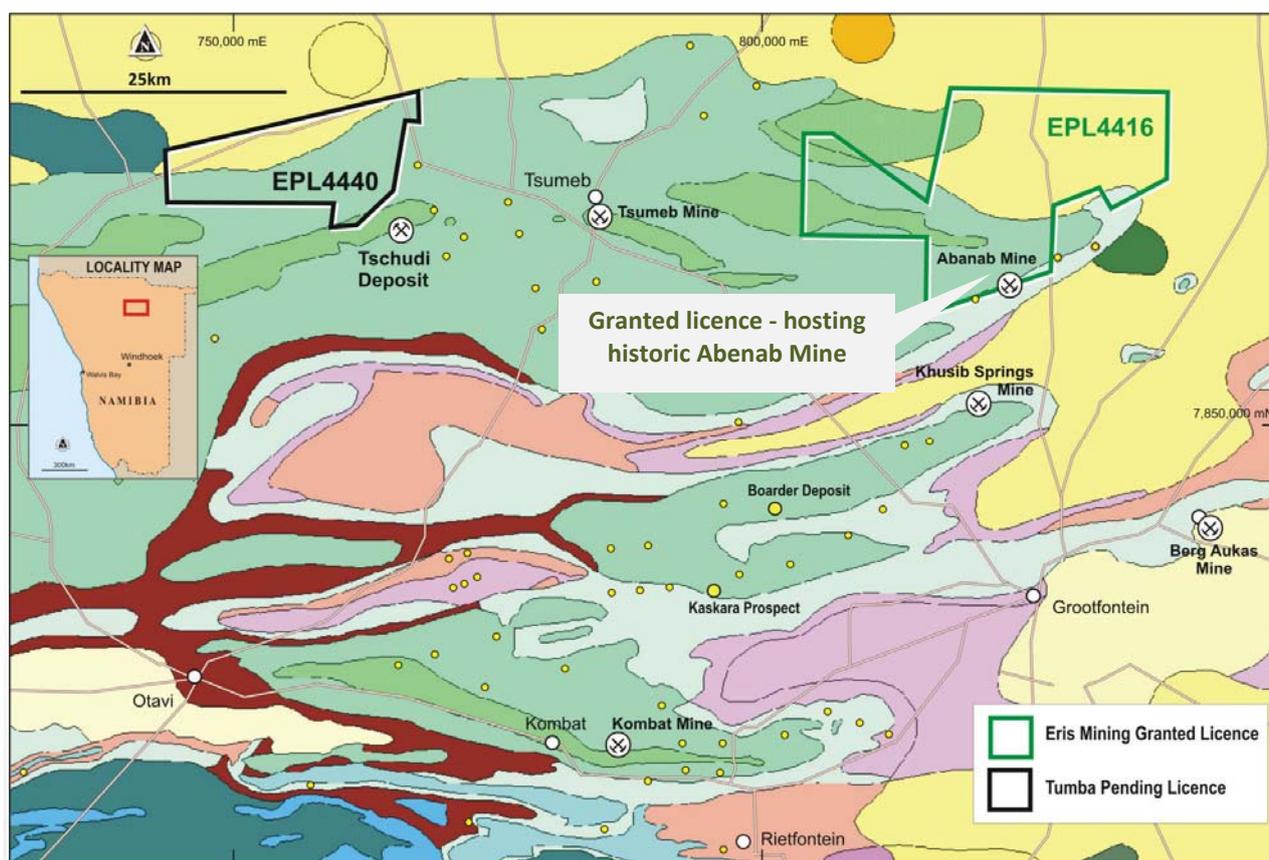


Figure 31: EPL 4416 location and geological setting.

Note the continuation of the rock types that host the Tsumeb deposit continuing into the new licence, along with other deposits within the same geology and the Otavi Mountainland region (light green and aqua).

EPL 4339 - Copper, Lead and Zinc - North western Namibia

EPL 4339 is located east of (but contiguous with) Eris's EPL 4129, containing the large-scale Thresher and Hammerhead, magnetite prospects. The licence comprises 342 sq. kms strategically located in close proximity to the local regional township of Opuwo, and along strike from the operating Cu, Pb and Zn Tsongoari Mine.

Targets within the licence are considered prospective for sedimentary exhalative (SEDEX) base metal deposits (Cu, Pb, Zn \pm Ag, \pm Au), such as those currently being mined at Tsongoari. Host rocks to the Tsongoari deposits are seen to trend into the EPL 4339 as shown in Figure 4 below.

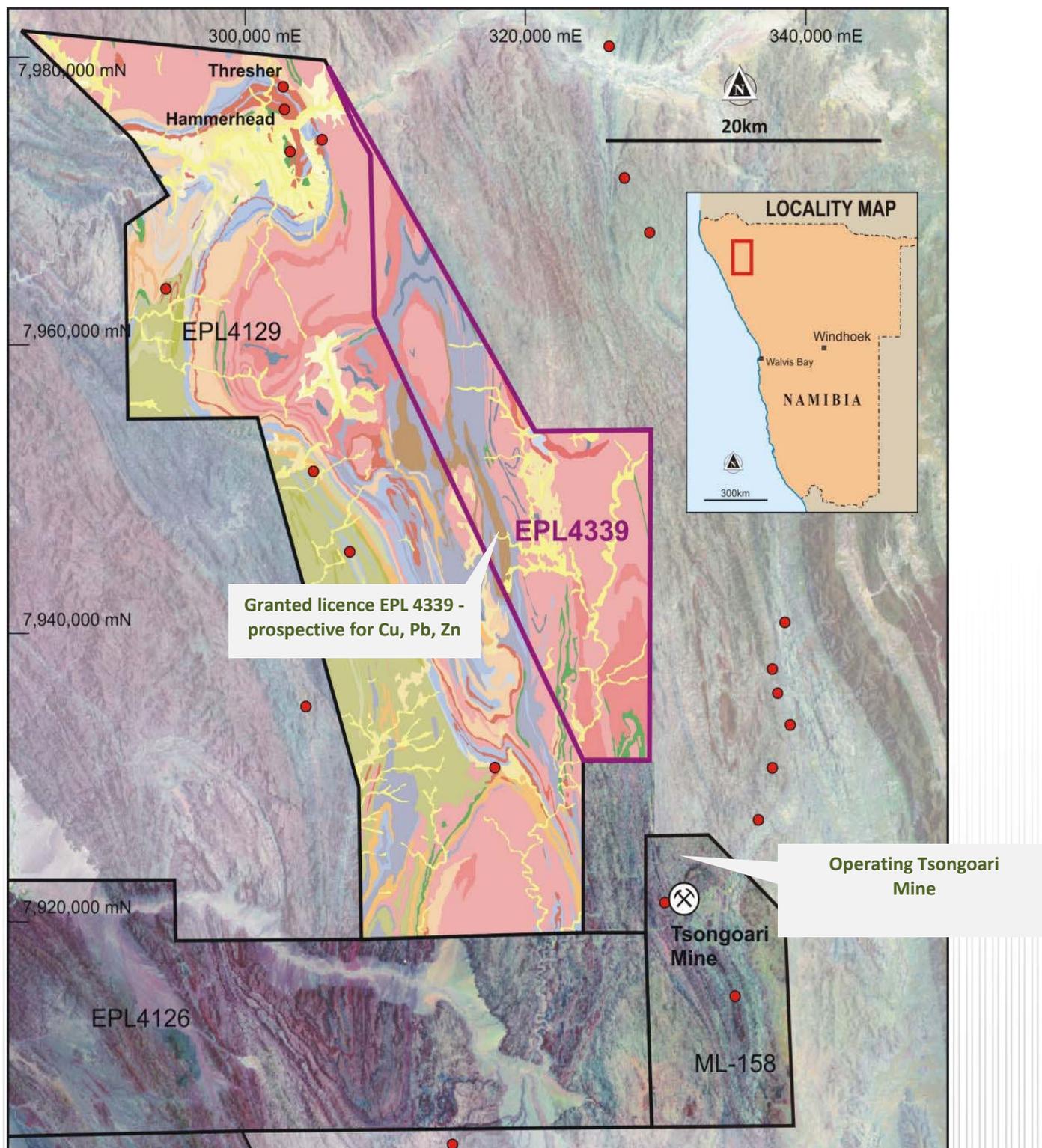


Figure 4: EPL 4339 location and underlying geology.

Note the host rocks to the Tsongoari Mine trending into both EPL4339 and EPL4126. Regional mineral occurrences have been designated by the highlighted red dots.

Yours Faithfully



David Riekie

MANAGING DIRECTOR

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The information in this report that relates to Exploration Results is based upon information compiled by Mr Alex Aitken a member of The Australian Institute of Geoscientists. Mr Alex Aitken is a full time employee of the company. Mr Aitken has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2004 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Aitken has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.