

Quarterly Report for Period Ending 31 March 2010



20 April 2010

The Board is please to provide the following commentary to be read in conjunction with the Appendix 5B for the Quarter ending 31 March 2010.

HIGHLIGHTS

Exploration:

- **Successful 1,000m diamond drilling campaign completed on high grade, magnetite mineralisation at Thresher East and West Prospects, Namibia**
- **Drilling confirmed multiple, broad zones of magnetite mineralisation open at depth and along strike, including;**
 - **28m @42% Fe** (portable XRF results)
 - **45m @28% Fe** (portable XRF results)
 - **38m @26% Fe** (portable XRF results)
- **All drill holes encountered broad zones of magnetite mineralisation confirming a strike length of 1.5kms, which remains open both along strike and at depth**
- **Continuing regional exploration confirms extensions to previously identified Cu mineralisation at Thresher Prospect**
- **Cu Rock Chip results from trenching program include:**
 - **4.9% Cu, 12g/t Ag,**
 - **8.8% Cu, 9.5g/t Ag and**
 - **6.2% Cu, 16.5g/t Ag**

CORPORATE:

- **Commodity specific subsidiaries incorporated in Namibia:**
 - **Himba Iron Exploration (Fe focus), and**
 - **Tumba Base Metals X (Base Metals focus)**

EXPLORATION

During the quarter, Namibian explorer, **Avonlea Minerals Limited ("Avonlea" or "Company" ASX: AVZ)** completed a preliminary diamond drilling program at the Thresher East and Thresher West Prospects. These Prospects are located within the Hammerhead Project area in the northern region of the 1,000sq km Okatumba Exclusive Prospecting Licence ("EPL") 4129 as shown in Figure 1. The Company has submitted diamond core for assay, metallurgical recovery and additional testing and is awaiting results. Drill locations and selected cross sections are shown in Figure 2.

A detailed list of these results was contained in the ASX release dated 1 April 2010 and a summary of which is now shown in Table 1.

Directors:

ROGER STEINEPRIES
Chairman

DAVID RIEKIE
Managing Director

HAMISH HALLIDAY
Non Executive Director

ANDREW GASTEVICH
Non Executive Director

STEVEN PARSONS
Alternate Non Exec Director

Share Information:

ASX Code: AVZ

Issued Capital: 58.1m

Share Price*: 12c

Market Cap*: \$7m

* As at 19 January 2010

Contact Information:

Registered Office:
Freemasons Hall
181 Roberts Road
Subiaco WA 6008

Postal:
PO Box 1393
West Leederville
WA 6901

T +61 8 9287 5900
F +61 8 9287 4334

admin@avonleaminerals.com.au

www.avonleaminerals.com.au

ABN 81 125 176 703



Figure 1: Location of EPL 4129

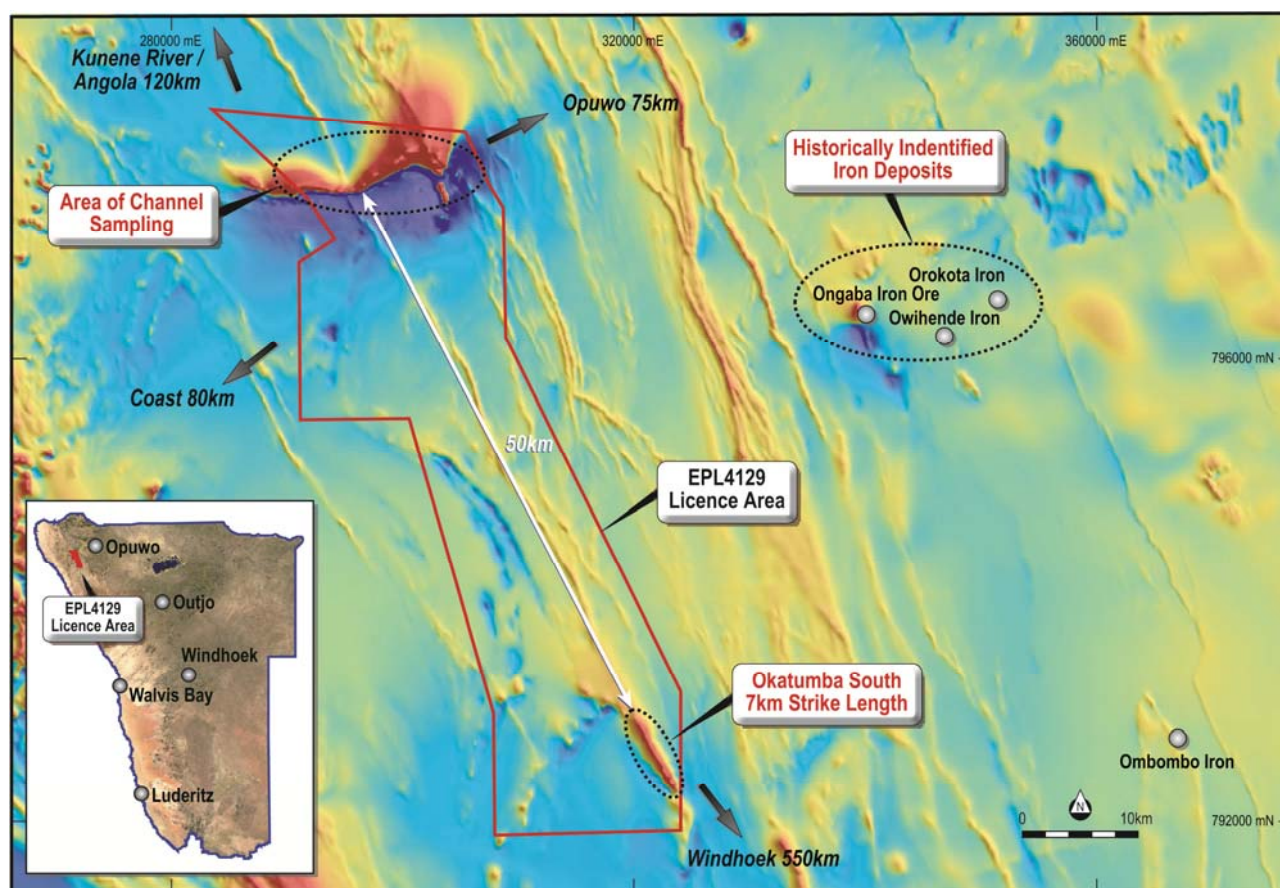
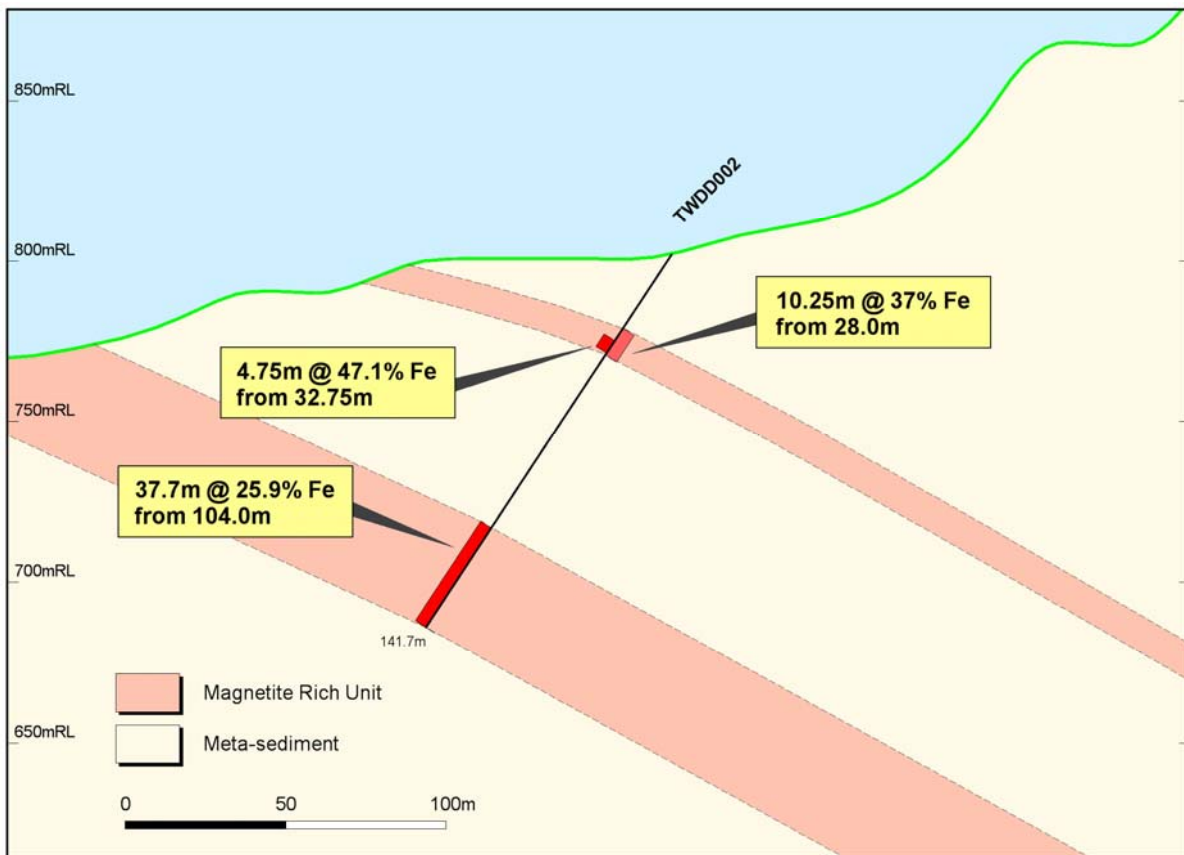
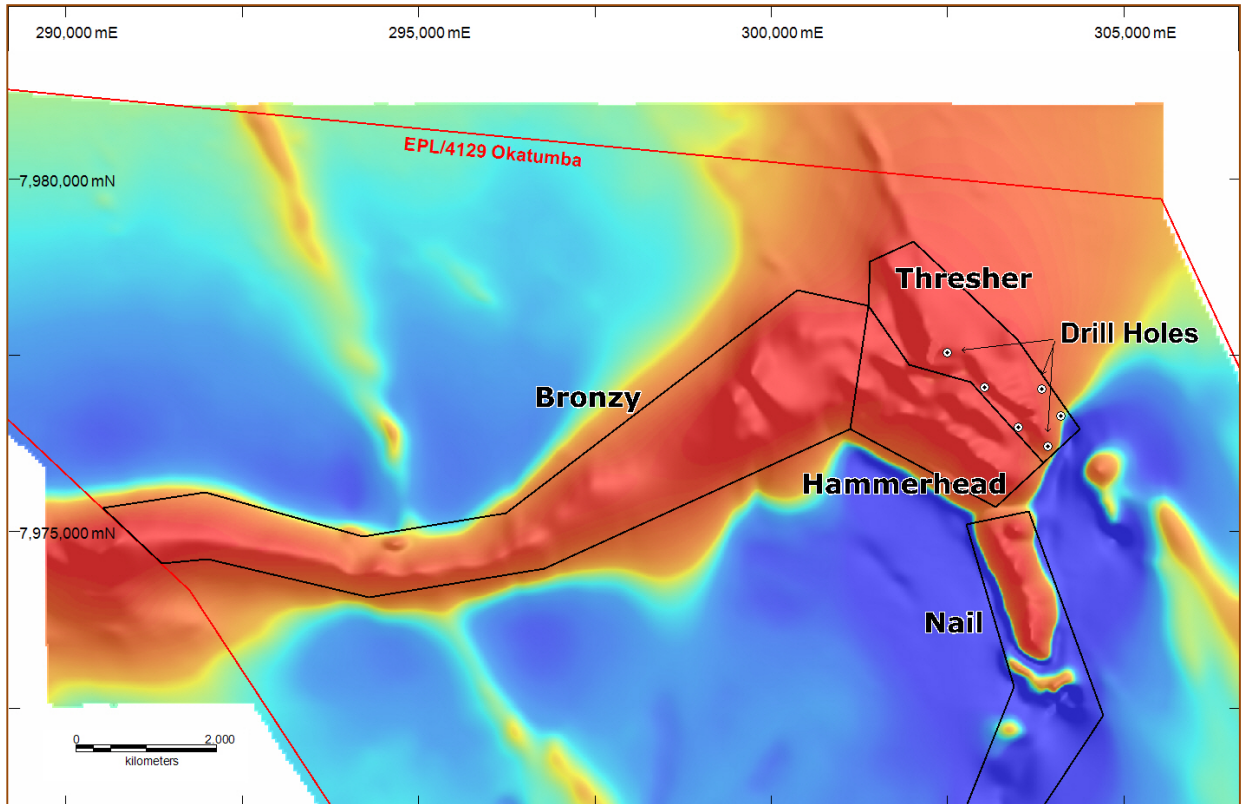


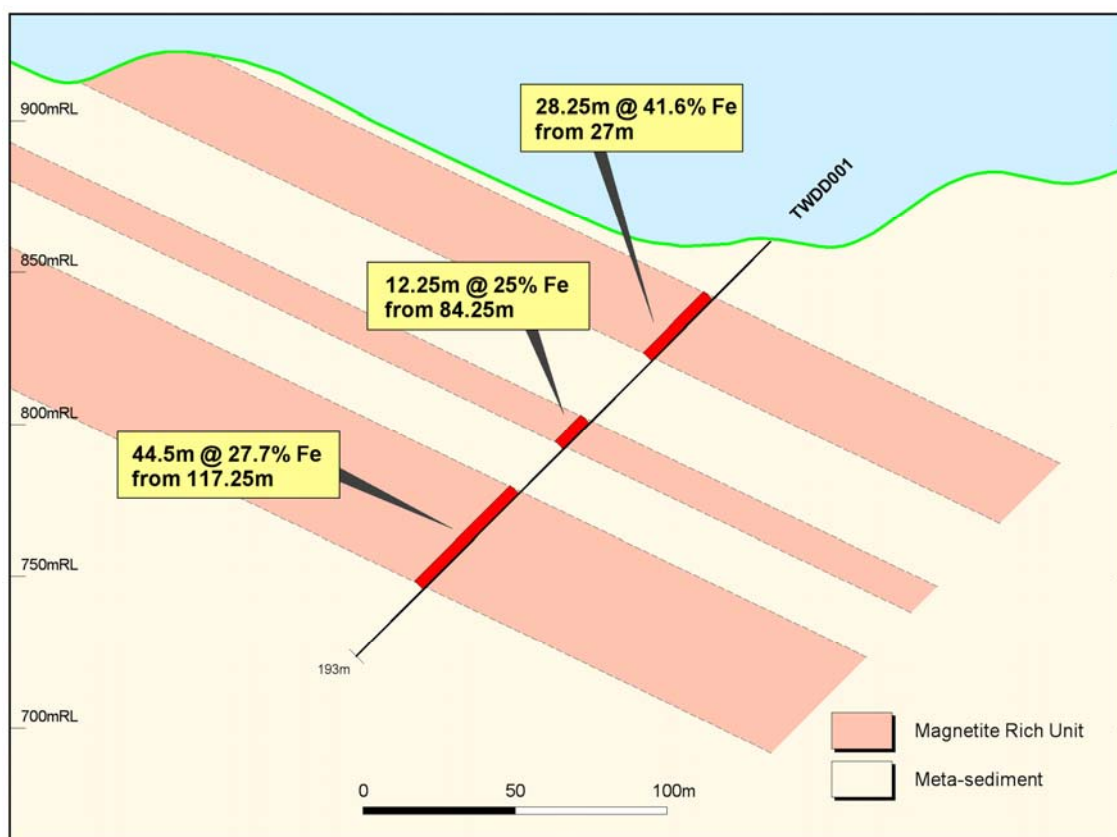
Table 1: Summary Results for Thresher East & West Drill Holes

Prospect	Hole	East UTMz33s	North UTMz33s	RL m	Azi UTM	Dip	EOH m	From m	To m	Interval m	Fe %
Thresher West	TWDD001	302499	7977535	860	220	-45	193	27	55	28	41.6
								117	162	45	27.7
Thresher West	TWDD002	303021	7977045	819	245	-55	141.7	28	38	10	37.0
								104.00	EOH	38	25.9
Thresher West	TWDD003	303505	7976478	728	225	-55	66.7	11	25	14	34.3
Thresher East	TEDD001	303837	7977024	738	225	-50	198.37	28	33	5	44.1
	TEDD002	304101	7976643	696	225	-45	243.2	46	EOH	197	16.4
	includes							46	56	10	41.2
Thresher East	TEDD003	303922	7976211	670	225	-55	150.08	113	143	30	24.3



Figure 2: Drill Hole Locations at Thresher East & West and selected cross sections





Other Mineral Potential Identified-Copper at Thresher Prospect EPL 4129

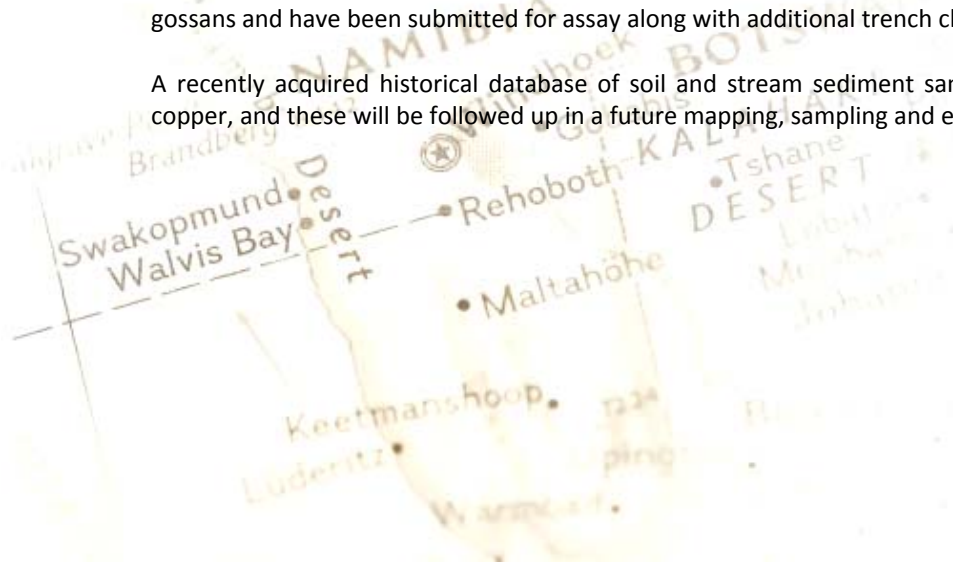
The Company continued with its ongoing regional assessment for copper at EPL, including surface channel sampling, rock chip sampling and trenching to help delineate the extent of encouraging preliminary, copper anomalies. Initial results from the rock chip samples from these trenches (shown below in Table 2), the details of which were released to market on 15 February 2010.

Table 2: Summary of rock chip assay Results from initial trenching program

ELEMENTS	Cu	Ag
UNITS	%	g/t
SAMPLE		
59419	4.9	12.06
59420	8.8	9.49
59421	6.2	16.53

Further examination of the area revealed additional thin gossans over a 65m width and additional trenching is being conducted to ascertain the significance of these outcrops. Samples were collected from the identified and outcropping gossans and have been submitted for assay along with additional trench channel samples.

A recently acquired historical database of soil and stream sediment samples has also highlighted areas of anomalous copper, and these will be followed up in a future mapping, sampling and exploration program.

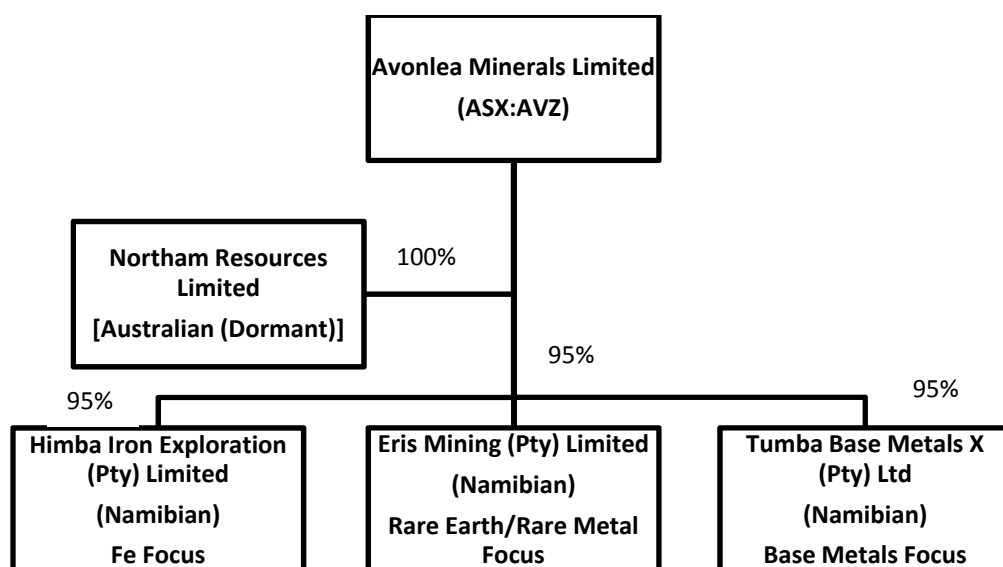


CORPORATE

The Board of Avonlea Minerals Limited “the Company” has appointed Mr Brett Dunnachie as Company Secretary. Brett is Chief Financial Officer having joined the company in this capacity in December 2008 and replaced Ms Joanna Kiernan who has resigned as Company Secretary.

Additional Namibian Subsidiary Companies

The company has incorporated subsidiaries incorporated in Namibia to provide a practical commodity specific focus. An overview of the current company structure is shown below:



Himba Iron

Himba Iron Exploration (Pty) Ltd (“Himba Iron”) has been established accumulate licence areas that are prospective for iron ore mineralisation. Applications for four new exclusive prospecting licences have been submitted that cover a stratigraphic horizon that is known to contain iron mineralisation. These four licences are located in the north west of Namibia to the south of the regional township of Opuwo, approximately 90kms from EPL 4129. The Himba Iron application areas are shown in Figure 3 together Avonlea’s Namibian licence areas

Tumba Base Metals X (Exploration)

Tumba Base Metals X (Pty) Ltd (“Tumba”) will focus on base metal potential; primarily copper lead and zinc.

5 applications for EPL’s have now been lodged after an independent review of the geology and prospectivity of the exclusive reconnaissance licence (ERL 135). This has effectively reduced the area of focus from approximately 7,000 sq kms to approximately 3,400 sq kms. These applications shown below in Figure 3 are still pending (and will require issue and grant before ground based exploration can commence), cover the same geologic contact that hosts the world famous Tsumeb Mine (2Mt Pb, 1Mt Cu, and 500,000t Zn) located within 150km of the applications and along strike. The application areas to the north (EPL4438, 4437, 4436,) are under shallow cover and have received scant historical exploration, thus the area is considered essentially unexplored. Additionally several historical anomalies are known to occur within the southern application EPL 4439 with results such as 14m @ 0.71% Cu that will receive follow up once the licence is granted..

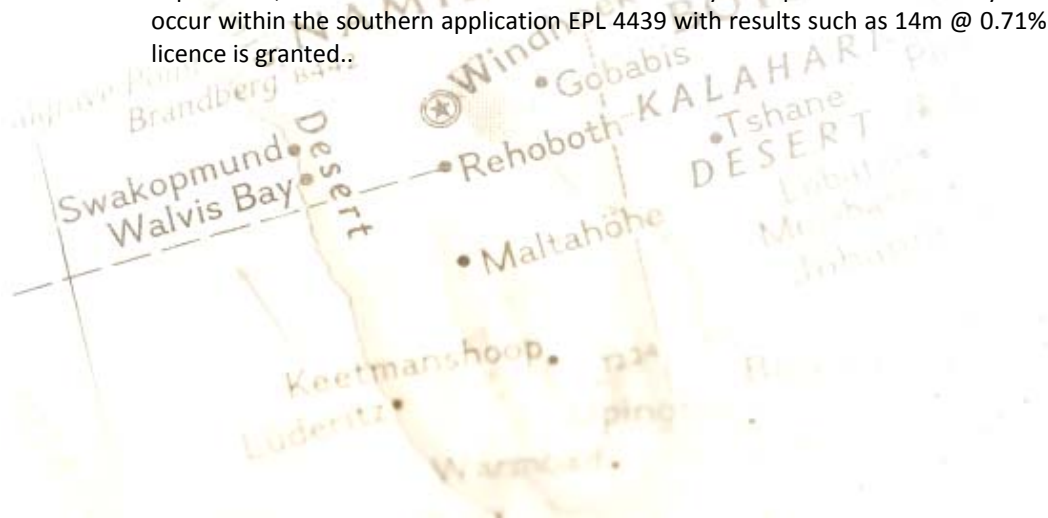
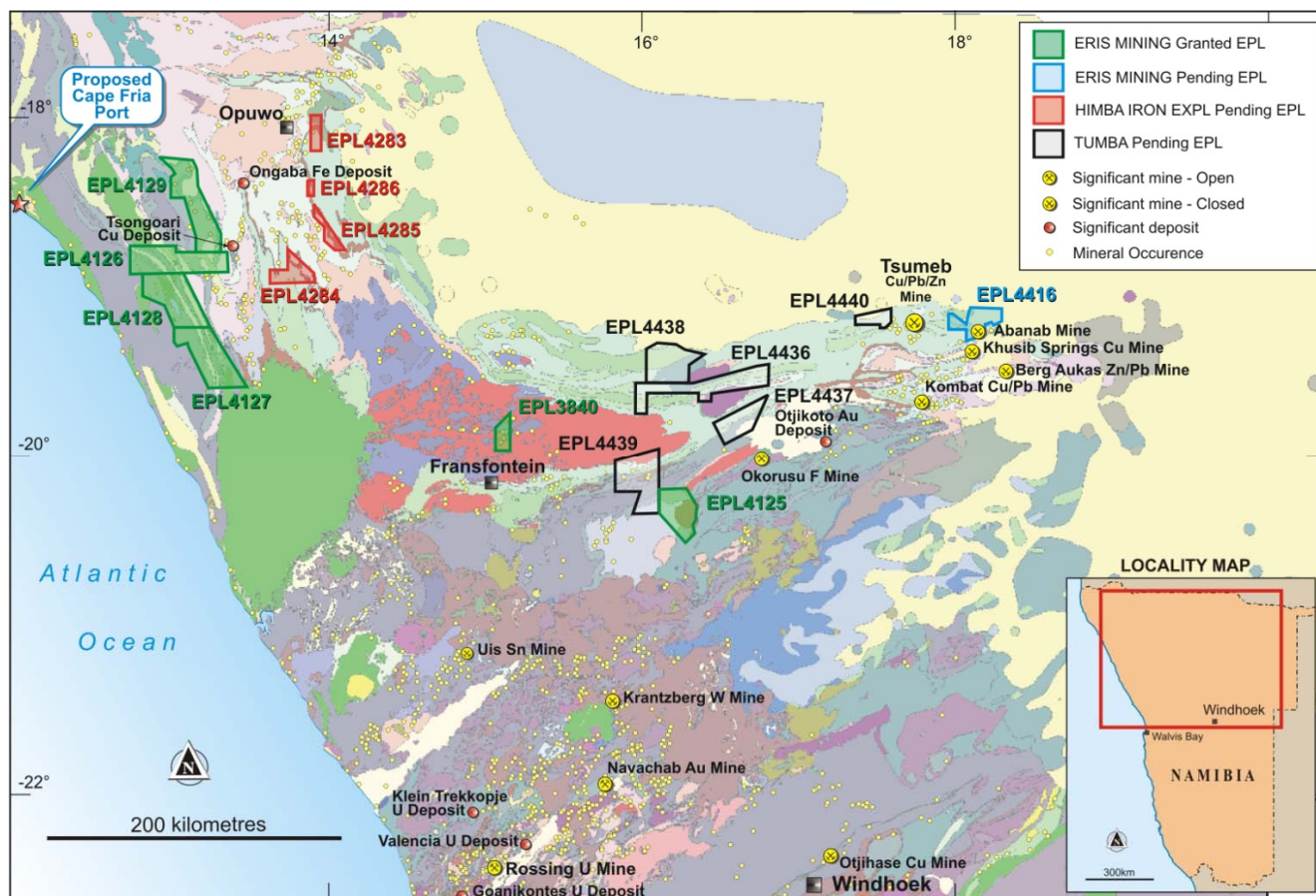


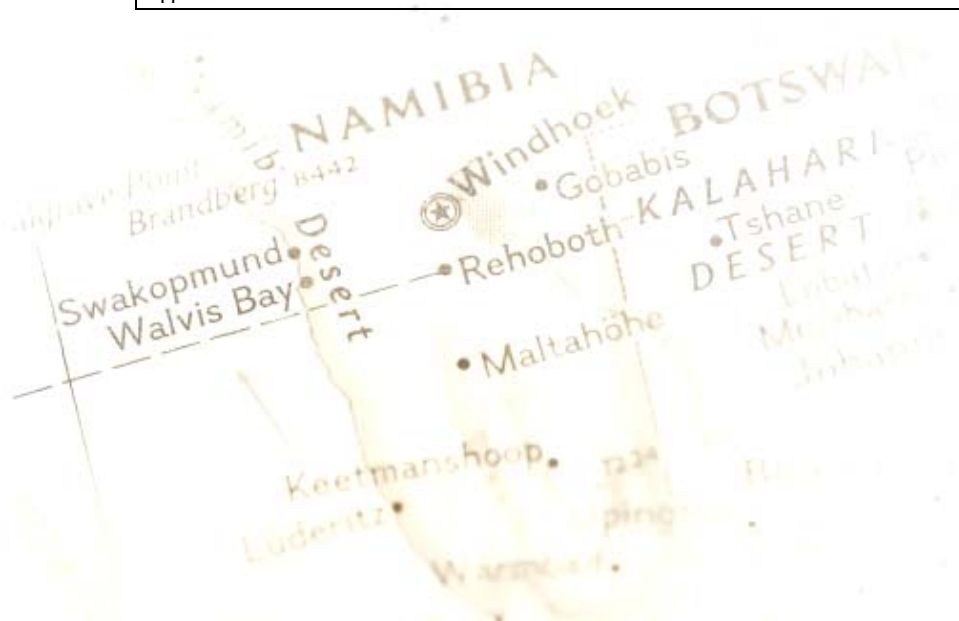
Figure 3 : Current and Pending licences for subsidiary companies.



Diemals WA

The Company has maintained its mineral rights for the Diemals project but advises of the voluntary relinquishment by the tenement holder of 50% of the blocks comprising the underlying tenements in accordance with Minerals Act of Western Australia.

The information in this report that relates to Exploration Results, Exploration Targets, Minerals Resources or Ore Reserves is based upon information compiled by Mr Chris Shaw and Mr SA Hibbard who are both members of The Australian Institute of Mining and Metallurgy. Mr Chris Shaw is a full time employee of the Company, while Mr Hibbard is an independent consultant to the Company. Both Messrs Shaw and Hibbard have sufficient experience that 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 Person as defined in the 2004 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Shaw and Hibbard consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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

ABN

81 125 176 703

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(192)	(563)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(182)	(613)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	49
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(360)	(1,127)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(7)	(65)
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)	-	-
Net investing cash flows		(7)	(65)
1.13	Total operating and investing cash flows (carried forward)	(367)	(1,192)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(367)	(1,192)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	910
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	(3)	(35)
	Net financing cash flows	(3)	875
	Net increase (decrease) in cash held	(370)	(317)
1.20	Cash at beginning of quarter/year to date	2,140	2,087
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,770	1,770

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	144
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Directors	
Salaries, Fees and Superannuation	88
Payments to Director related entities	
Black Peak Holdings (Consulting fees)	25
Gryphon Minerals Limited (Recharge of shared resources)	31

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.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	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	300
4.2 Development	-
Total	300

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	1,770	2,140
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Option funds held on trust	-	-
Total: cash at end of quarter (item 1.22)	1,770	2,140

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			

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 Converting Performance Shares	7,125,000	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	58,161,250	48,661,250		
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities	-	-		
<i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <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
	7,125,000	-	20.0 cents	22 May 2014
	7,125,000	-	30.0 cents	22 May 2014
	7,125,000	-	45.0 cents	22 May 2014
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)	-	-
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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: 20/04/10
 (Company Secretary)

Print name: Brett Dunnachie

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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+ See chapter 19 for defined terms.