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Companies Announcement Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Via E-lodgement

Strategic Iron Ore EPL issued for Himba Iron Prospects, Namibia

Highlights

- **The first of four strategically located Exclusive Prospecting Licences (EPL's) granted to Himba Iron:**
 - **Fe focussed**
 - **Nearby to significant Thresher/ Hammerhead Fe prospects**
 - **Immediate Fe exploration targets**
 - **Along strike from historical Fe occurrences**
 - **Easy access; near term exploration**

Namibian explorer, **Avonlea Minerals Limited** ("Avonlea" or "Company" ASX: **AVZ**) is pleased to advise that it has been notified by the Namibian Ministry of Mines and Energy ("MME") of the grant of the first of four Exclusive Prospecting Licences ("EPL's") to Avonlea's 95% owned, Fe focussed, Namibian subsidiary Himba Iron Exploration (Proprietary) Ltd ("Himba").

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 and Two.

Summarised in Table One below, are the Himba licence details.

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

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

In anticipation of the issue of these licences, Avonlea has assessed the local requirements and applied for relevant environmental clearances for the first of these four licence areas, to enable in country geological and logistical evaluation and field exploration to commence directly.

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.

Existing regional magnetic surveys and experience gained from the successful delineation of the significant iron ore at the Thresher/Hammerhead prospect will form the foundation for the exploration programs within the Chuos formation. Figure Two illustrates the strength of the underlying magnetic anomaly within the granted EPL4286 that extends for the length of the licence being 10km.

Historical exploration undertaken by Bethlehem Steel Exploration and Mining Corporation in 1953 highlighted the potential of the Chuos formation to host significant iron mineralisation. This previous exploration consisted of surface channel sampling (but no drilling) and has provided the rationale to further explore the scale of this Fe opportunity. It should be noted that the ore tonnes and grade previously published by Bethlehem Steel would not represent either an exploration target or Mineral Resource in accordance with JORC Code (2004).

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

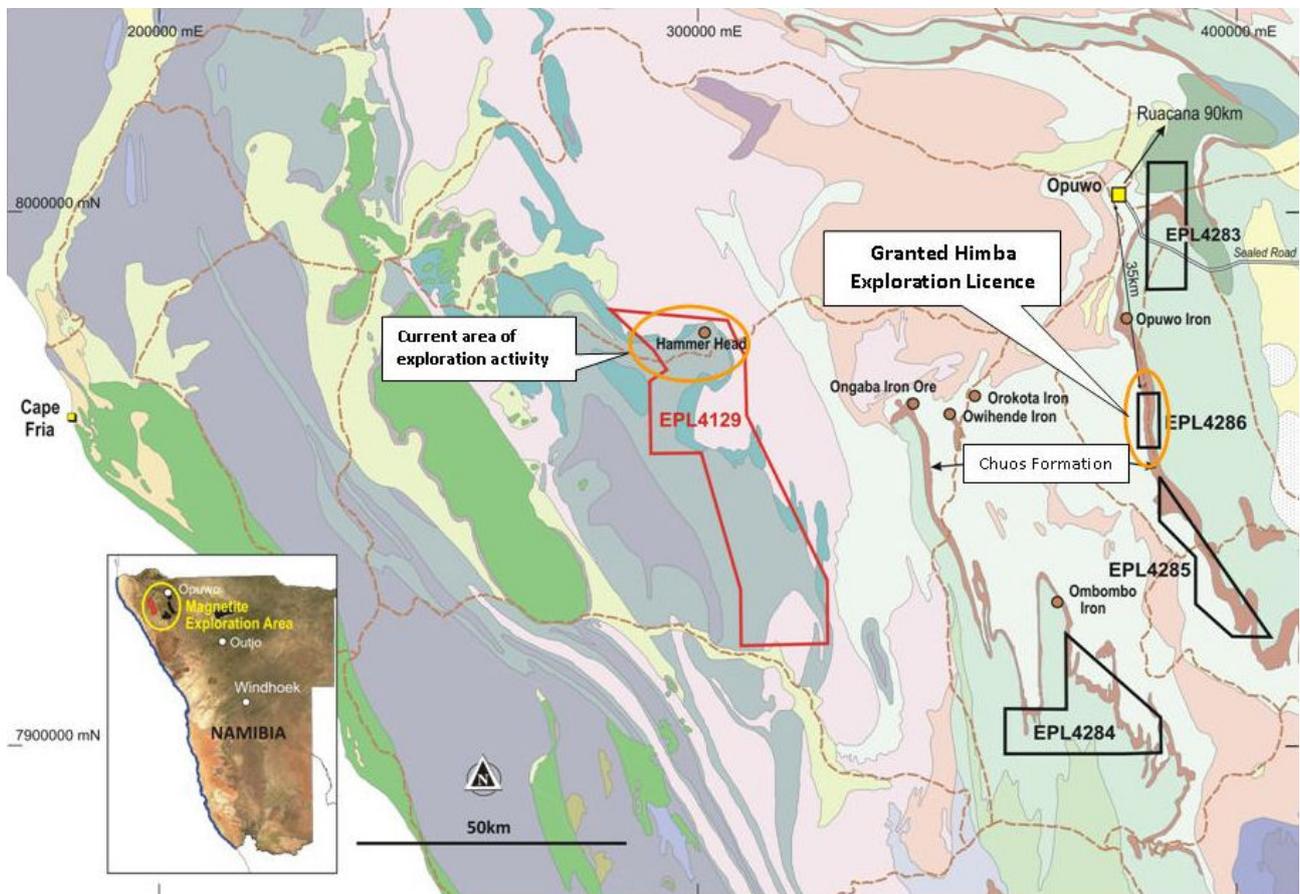


Figure One EPL 4129 and Himba EPL's

Managing Director, David Riekie commented:

“The Board considers that the issue of these licences is strategically very significant for Avonlea.

Our Himba licences will comprise about 720 sq kms and our initial areas of immediate interest (EPL4286) situated about 40 kms from the local regional township Opuwo will make regional exploration logistically very straightforward.

Preliminary reconnaissance, including examination of existing magnetic surveys has already highlighted the prospectivity for magnetite Fe mineralisation in the iron rich Chuos formation and the total of our Himba licence area will cover over 100 kms of this regionally significant geological structure. This prospective setting, together with some very encouraging historical geological data formed the basis for Himba applying for these areas in the first instance.

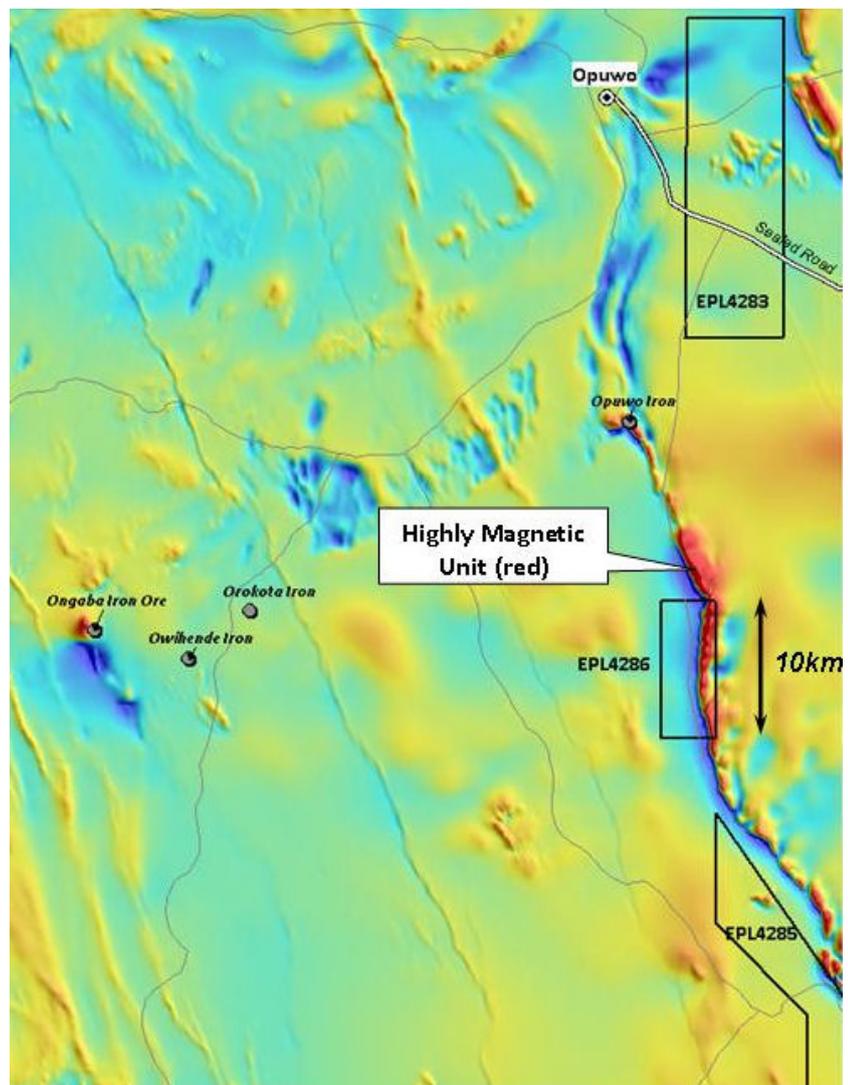


Figure Two: Magnetics signature for granted Himba EPL 4286

Because we have already demonstrated the success of our low cost exploration techniques that enabled us to quickly delineate an exploration target size for the Hammerhead and Thresher prospects, subject to formal environmental clearance approval, we are capable of commencing ground reconnaissance and exploration immediately.

From Avonlea’s perspective, exploration for a “bulk commodity” mineral like iron ore, adds further support to the Namibian governments regional development initiative for this Kunene region in north western Namibia. The Government’s prefeasibility studies to develop localised rail and port facilities, presents the Company through ongoing exploration success, an opportunity participate in part of a more regionally expansive exploration and development phase.

The timely issue of these licences has also been a mechanism to ensure the continuity and ongoing utilisation of our in-country geological exploration team.

We consider collectively these factors together with some exciting exploration targets, present the Company with a new expansionary exploration phase that we think will translate into a re-rating of our inherent, underlying value.”

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 Chris Shaw a member of The Australian Institute of Mining and Metallurgy. Mr Chris Shaw is a consultant to the company. Mr Shaw 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 Shaw has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.