

**AVZ MINERALS LIMITED
ACN 125 176 703**

(FORMERLY AVONLEA MINERALS LIMITED)

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 1 Share for every 1 Share held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to \$1,517,062 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is conditionally fully underwritten by DJ Carmichael Pty Limited (**Underwriter**). Refer to section 8.6 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

David Riekie
Non-executive Director

Roger Steinepreis
Non-executive Director

Gary Steinepreis
Non-executive Director

Company Secretary

Gary Steinepreis

Registered Office

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Share Registry*

Security Transfer Registrars Pty Limited
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Telephone: +61 8 9315 2333
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Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Underwriter

DJ Carmichael Pty Limited
Level 3
216 St Georges Terrace
Perth WA 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	7 December 2012
Lodgement of Prospectus & Appendix 3B with ASX	7 December 2012
Notice sent to Optionholders	7 December 2012
Notice sent to Shareholders	11 December 2012
Ex date	12 December 2012
Record Date for determining Entitlements	18 December 2012
Prospectus despatched to Shareholders & Company announces despatch has been completed	20 December 2012
Closing Date*	5.00 pm (WST) 17 January 2013
Shares quoted on a deferred settlement basis	18 January 2013
ASX notified of under subscriptions	22 January 2013
Despatch of holding statements	25 January 2013
Quotation of Shares issued under the Offer*	29 January 2013

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

3.1 General

This Prospectus is dated 7 December 2012 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

The Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

3.2 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.3 Offer is only made in Australia and New Zealand

This Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer (and any Shortfall Offer) is only being made in Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. In particular, this Prospectus may not be distributed in the United States or any other country except Australia and New Zealand.

The Offer to New Zealand investors is made pursuant to the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002. Pursuant to this Exemption Notice, the only members of the public to whom the Shares are offered in New Zealand under the Offer are those who, at the time of the offer, are holders of Shares in the Company.

3.4 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 1 Share held by Shareholders registered at the Record Date at an issue price of \$0.01 per Share. Fractional entitlements will be rounded down to the nearest whole number.

The Company intends to use the funds from the Offer to recapitalise the Company and to fund ongoing exploration activities and the investigation and evaluation of further acquisitions.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 151,706,241 Shares will be issued pursuant to this Offer to raise up to \$1,517,062.

As at the date of this Prospectus, the Company has 49,925,000 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

4.2 Minimum subscription

The Offer is conditionally fully underwritten and therefore the minimum subscription is the maximum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank made payable in Australian currency (at \$0.01 per Share), for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank made payable in Australian currency, for the appropriate application monies (at \$0.01 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque

All cheques must be drawn on an Australian bank made payable in Australian currency to "AVZ Minerals Limited - Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwriting

The Offer is fully conditionally underwritten by the Underwriter. Refer to section 8.6 of this Prospectus for details of the terms of the underwriting.

4.7 Sub-underwriting

The Underwriter has entered into sub-underwriting agreements under which the Offer is fully sub-underwritten.

Of the Sub-underwriters:

- (a) Ranchland Holdings Pty Ltd is a related party of the Company by virtue of being controlled by Roger Steinepreis (a Director who is a director and company secretary of Ranchland Holdings Pty Ltd);

- (b) Oakhurst Enterprises Pty Ltd is a related party of the Company by virtue of being controlled by Gary Steinepreis (a Director who is sole director and company secretary of Oakhurst Enterprises Pty Ltd); and
- (c) Wilhaja Pty Ltd, as trustee for the Reikie Family Account is a related party of the Company by virtue of being controlled by David Riekie (a Director who is a director and company secretary of Wilhaja Pty Ltd).

The Company has not sought Shareholder approval for the execution of the Sub-underwriting Agreements with these related parties on the basis that they have been negotiated at arm's length and contain standard commercial terms and therefore fall within the exception in Section 210 of the Corporations Act.

4.8 Effect on control of the Company

The issue of Shares under the Offer and the underwriting and the sub-underwriting arrangements will not have an effect on the control of the Company.

The Underwriters will allocate the Shortfall to the Sub-underwriters and any other investors it selects such that no individual investor will have a voting power in the Company in excess of 20% after the issue of any Shortfall.

4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01, being the price at which Shares have been offered under the Offer.

The Directors, at the direction of the Underwriter, reserve the right to issue Shortfall Shares to the Sub-underwriters or any other investor it selects. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors or the Underwriter.

The Company (and the Underwriter) reserve the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application for Shortfall Shares.

4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.11 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.12 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, and the Underwriter do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Shares offered pursuant to this Prospectus.

4.14 Enquiries

Any questions concerning the Offer should be directed to Gary Steinepreis, Company Secretary, on +61 8 9420 9300.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,517,062.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Exploration activities - Namibian licences	100,000	6.59
2.	New project generation including due diligence	500,000	32.96
3.	Administrative expenses	240,000	15.82
4.	General working capital	567,062	37.38
5.	Expenses of the Offer ¹	110,000	7.25
	Total	1,517,062	100

Notes:

1. Refer to section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,407,062 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 151,706,241 as at the date of this Prospectus to 303,412,482 Shares.

5.3 Pro-forma balance sheet

The unaudited management prepared balance sheet as at 30 November 2012 and the unaudited pro-forma balance sheet as at 30 November 2012 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised and no other securities are issued prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED MANAGEMENT ACCOUNTS 30 NOVEMBER 2012	PROFORMA 30 NOVEMBER 2012
CURRENT ASSETS		
Cash	627,422	2,034,484
Other current assets	39,668	39,668
TOTAL CURRENT ASSETS	667,090	2,074,152
NON-CURRENT ASSETS		
Plant and equipment	33,193	33,193
Exploration & evaluation expenditure	2,639,234	2,639,234
TOTAL NON-CURRENT ASSETS	2,672,426	2,672,426
TOTAL ASSETS	3,339,516	4,746,578
CURRENT LIABILITIES		
Trade and other payables	7,370	7,370
TOTAL CURRENT LIABILITIES	7,370	7,370
NET ASSETS	3,332,146	4,739,208
EQUITY		
Share capital	11,540,257	12,947,319
Reserves	505,429	505,429
Accumulated losses	(8,674,507)	(8,674,507)
Non-controlling interests	(39,033)	(39,033)
TOTAL EQUITY	3,332,146	4,739,208

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	151,706,241
Shares offered pursuant to the Offer	151,706,241
Total Shares on issue after completion of the Offer	303,412,482

Options

	Number
Options currently on issue:	
Options exercisable at \$0.15, on or before 31 August 2013 ¹	3,250,000
Options exercisable at \$0.20, on or before 31 August 2013 ¹	2,500,000
Options exercisable at \$0.25, on or before 31 August 2013 ¹	2,500,000
Options exercisable at \$0.30, on or before 31 August 2013 ¹	2,500,000
Options exercisable at \$0.45, on or before 31 August 2013 ¹	2,500,000
Options exercisable at \$0.15, on or before 14 November 2013	6,000,000
Options exercisable at \$0.10, on or before 31 March 2014	400,000
Options exercisable at \$0.20, on or before 22 May 2014	7,125,000
Options exercisable at \$0.30, on or before 22 May 2014	7,125,000
Options exercisable at \$0.45, on or before 22 May 2014	7,125,000
Options exercisable at \$0.20, on or before 31 May 2014	2,500,000
Options exercisable at \$0.25, on or before 31 May 2014	2,500,000
Options exercisable at \$0.11, on or before 31 October 2014	1,900,000
Options exercisable at \$0.20, on or before 30 November 2014	2,000,000
New Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	49,925,000

Notes:

- ¹. If these Options are not exercised prior to the Record Date, their exercise price will be adjusted in accordance with ASX Listing Rule 6.22.2.

Assuming no Options are exercised and no other securities are issued, the capital structure as at the Record Date, would be 151,706,241 Shares and on completion of the Offer (assuming all Entitlements are accepted) would be 303,412,482 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at 6 December 2012, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Black Peak Holdings Pty Ltd	7,655,000	6.29

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend rights

Subject to the rights of persons (if any) entitled by Shares with special rights to dividends, the Directors may from time to time declare a dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such dividend.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan or dividend election plan on such terms and conditions as the Directors think fit and which

provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan or dividend election plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of

Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Lack of executive management

The Company's management currently consists of three non-executive directors. The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. To this end, the Company currently has non-executive directors with significant experience in the resource sector. The Directors intend to retain additional consultants as required to manage the Company's activities.

As the Company's projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's current and future projects. However, there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its preferred exploration programs within its preferred timetable.

(b) Operating in Namibia

The Company's Abenab and Ondjou Prospects, Brandberg NW Tin Project and other mineral projects are located in Namibia. The Company will be subject to the risks associated with operating in Namibia. Such risks can include economic, social or political change, changes of law affecting foreign ownership, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to Namibian mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Colorado may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(c) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(d) **Exploration**

The mineral licences in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its licences and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the licences, a reduction in the case reserves of the Company and possible relinquishment of the licences.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ

from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(e) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 151,706,241, which will be on issue on the Record Date, to 303,412,482. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

7.3 Mineral Exploration Industry specific

(a) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, adverse outcomes from project development studies, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in constructing, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(b) **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information or techniques become available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(c) **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

7.4 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Additional requirements for capital

The funds raised under the Offer are considered sufficient to meet the current exploration, working capital and project generation objectives of the Company. Additional funding may be required in the event exploration costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(d) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Namibian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Namibian dollar as determined in international markets.

(e) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Joint Venture Opportunities

The Company is in the process of negotiating with a third party with a view to entering into an agreement to fund and progress exploration and mining on Abenab EPL in Namibia, held by its subsidiary Eris Mining (Pty) Ltd. However, this is in preliminary stages.

8.2 Directors

Gary Steinepreis is currently a non- executive director of Central Norseman Gold Corporation Limited, a company that entered into administration on 3 October 2012 and a wholly owned subsidiary of Norseman Gold PLC (a dual ASX/AIM listed company). After due consideration, the Directors are of the view that Mr Steinepreis' involvement in Central Norseman Gold Corporation Limited in no way impacts on his appointment and contribution as a Director of the Company.

Gary Steinepreis is a director of Ascent Capital Holdings Pty Ltd (**Ascent Capital**), a company formed to pursue, amongst other things, the reconstruction and recapitalisation of existing stock exchange quoted companies. Since its formation, Ascent Capital has successfully recapitalised and relisted a number of Australian companies on the ASX. Each of these companies recapitalised by Ascent Capital were placed under external administration either prior to Ascent Capital recapitalising the company or as part of Ascent Capital's recapitalisation of the company. As a consequence, Mr Steinepreis has been appointed a director of companies in administration or which have been placed into administration.

David Riekie was a director of ASX listed Blackwood Corporation Limited (formerly Matilda Minerals Limited) between 7 February 2003 and 14 October 2008. On 20 October 2008 Blackwood Corporation Limited went into external administration, however was subsequently recapitalised and relisted on the ASX in November 2010. After due consideration, the Directors are of the view that Mr Riekie's involvement in Blackwood Corporation Limited in no way impacts on his appointment and contribution as a Director of the Company.

8.3 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.4 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in

relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
03/12/2012	Certificate of registration on change of name
03/12/2012	Appendix 3Z
03/12/2012	Appendix 3Z
30/11/2012	Initial Director's Interest Notice - G Steinepreis
30/11/2012	Changes to Board and registered office
29/11/2012	Completion of Placement - Tranche 2
29/11/2012	Results of Annual General Meeting
25/10/2012	Quarterly Activities and Cashflow Report
24/10/2012	Notice of Annual General Meeting/Proxy Form
23/10/2012	Notice under Section 708A
19/10/2012	Recapitalisation program and exploration developments
18/10/2012	Trading Halt
28/09/2012	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.avonleaminerals.com.au.

8.5 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.023	19 September 2012
Lowest	\$0.014	20 November to 6 December 2012
Last	\$0.014	6 December 2012

8.6 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally fully underwrite the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 5% of the value of the Offer, being approximately \$75,853.

The Agreement is conditional upon:

- (a) **(Due diligence)**: the Underwriter being satisfied with the due diligence investigations and results on or before 7 December 2012;
- (b) **(Underwriter's consent to be named)**: the Underwriter being satisfied with the form of the Prospectus (in its absolute discretion) and having given its consent to be named in the Prospectus on or before 7 December 2012;
- (c) **(Legal sign off)**: a legal sign off letter being provided to the Due Diligence Committee by the Company's solicitors, to the satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter, on or before 7 December 2012;
- (d) **(Prospectus)**: the Prospectus being lodged with the ASIC prior to 5.00 pm (WST) on or before 7 December 2012; and
- (e) **(Sub Underwriting)**: the Underwriter entering into sub underwriting agreements with sub-underwriters on terms and conditions satisfactory to the Underwriter (in its sole and absolute discretion) for the entire Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination that are usual to an agreement of this type. The Underwriter may terminate its obligations under the Underwriting Agreement if, among other occurrences:

- (a) **Prospectus**: any of the following occurs in relation to the Prospectus:
 - (i) it is not lodged with ASIC on or before 7 December 2012 (or such later date agreed in writing by the Underwriter);
 - (ii) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
 - (iii) ASIC gives notice of intention to hold a hearing under Section 739(2) of the Corporations Act or makes an interim order under Section 739(3) of the Corporations Act; or
 - (iv) any person other than the Underwriter who consented to being named in the Prospectus withdraws that consent;
- (b) **Supplementary Prospectus**: the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under Section 719 or Section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (c) **ASX listing**: ASX does not give approval for the Shares offered under this Prospectus to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (d) **Index changes**: the S&P / ASX All Ordinaries Index (ASX Code: XAO) or S&P / ASX Small Resources Index (ASX Code: XSR) falls more than 10%

from the close of the Business Day prior to the execution of the Underwriting Agreement;

- (e) **indictable offence:** a director or senior manager of the Company or any subsidiary of the Company is charged with an indictable offence in their capacity as director or senior manager of the Company;
- (f) **return of capital or financial assistance:** the Company or subsidiary of the Company takes any steps to undertake a proposal contemplated under Section 257A of the Corporations Act or passes or takes any steps to pass a resolution under Section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (g) **change in laws:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (h) **alteration of capital structure or constitution:** except as described in this Prospectus, the Company alters its capital structure without the prior written consent of the Underwriter;
- (i) **hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (j) **extended Force Majeure:** a Force Majeure (as defined in the Underwriting Agreement), which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 7 days occurs;
- (k) **default:** the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (l) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or a subsidiary of the Company;
- (m) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a subsidiary of the Company;
- (n) **due diligence:** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
- (o) **Prescribed occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;

- (p) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (q) **Event of insolvency:** an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or a subsidiary of the Company; or
- (r) **Judgment against a related corporation:** a judgment in an amount exceeding \$25,000 is obtained against the Company or a subsidiary of the Company and is not set aside or satisfied within 7 days.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

8.7 Sub-underwriting Agreements

The Underwriter has entered into sub-underwriting agreements with various sub-underwriters (**Sub-underwriters**), whereby the Sub-underwriters will each sub-underwrite a portion of the Underwriter's underwriting commitment such that the underwriting commitment is fully sub-underwritten (**Sub-underwriting Commitment**). The following Sub-underwriters are related parties of the Company by virtue of being controlled by Directors.

Name	Number of Shares to be sub-underwritten	Amount sub-underwritten
Oakhurst Enterprises Pty Ltd ¹	10,000,000	\$100,000.00
Ranchland Holdings Pty Ltd ²	33,000,000	\$330,000.00
Wilhaja Pty Ltd ³ as trustee for the Riekie Family Account	11,000,000	\$110,000.00
Total Amount sub-underwritten by Company related party Sub-Underwriters	54,000,000	\$540,000

Notes:

1. A company of which Gary Steinepreis is the sole director, the company secretary and a 50% shareholder.
2. A company of which Roger Steinepreis is a director, the company secretary and the majority shareholder.
3. A company of which David Riekie is a director, the company secretary and joint sole shareholder.

If the Shortfall is less than the full amount under the Offer, the Shortfall will be allocated to each Sub-underwriter on a pro-rata basis in the shares set out above. The Sub-underwriters will not be paid any fees.

The Company has not sought Shareholder approval for the execution of the Sub-underwriting Agreements with Oakhurst Enterprises Pty Ltd, Ranchland Holdings Pty Ltd or Wilhaja Pty Ltd as trustee for the Riekie Family Account on the basis that they have each been negotiated at arms' length and contain standard commercial terms and therefore fall within the exception in Section 210 of the Corporations Act.

8.8 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement and the maximum amount that the Sub-underwriter related to them will take up, if relevant, is set out in the table below.

Director	Shares	Options	Entitlement	Maximum Sub-underwriting Commitment ¹
David Riekie ²	5,978,441	14,000,000	5,978,441	11,000,000
Roger Steinepreis ³	4,812,500	1,500,000	4,812,500	33,000,000
Gary Steinepreis ⁴	6,000,000	Nil	6,000,000	10,000,000

Notes:

1. Refer to the table in section 8.7 of this Prospectus.
2. This includes 1,678,441 Shares held by Mr DN & Mrs MM Riekie and 2,400,000 Shares and 1,500,000 Options held by Wilhaja Pty Ltd (of which David Riekie is a director and the company secretary) as trustee for the Riekie Family Account.
3. This includes 3,500,000 Shares and 1,500,000 Options held by Blueknight Corporation Pty Ltd (of which Roger Steinepreis is a director and the company secretary) and 1,312,500 Shares held by Ranchland Holdings Pty Ltd, of which Roger Steinepreis is a director and the company secretary.
4. The Shares are held by Oakhurst Enterprises Pty Ltd (of which Gary Steinepreis is sole director and company secretary).

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to the Directors.

Director	2010/ 2011 Financial Year	2011/ 2012 Financial Year	Current Financial Year
David Riekie	\$383,306	\$274,832	\$14,000
Roger Steinepreis	\$134,806	\$26,332	\$14,000
Gary Steinepreis	N/A	N/A	\$14,000

8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:

- (i) its formation or promotion; or
- (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

DJ Carmichael Pty Limited will be paid an underwriting fee of approximately \$75,853 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, DJ Carmichael Pty Limited has been paid by the Company or the Company has agreed to pay fees totalling \$54,582, excluding the underwriting fee for this Offer.

The Sub-underwriters will not be paid a fee for sub-underwriting the Offer and have not been paid any fees by the Company in the previous 24 months.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$57,883.50 (excluding GST and disbursements) for legal services provided to the Company.

8.10 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section;
- (c) DJ Carmichael Pty Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (d) DJ Carmichael Pty Limited (including its related entities) has a relevant interest in 700,000 Options, exercisable at \$0.20 on or before 30 November 2014;
- (e) Oakhurst Enterprises Pty Ltd, Ranchland Holdings Pty Ltd and Wilhaja Pty Ltd as trustee for the Riekie Family Account have given their written consent to being named as sub-underwriter to the Offer in this Prospectus, in the form and context in which it is named;
- (f) Oakhurst Enterprises Pty Ltd (including its related entities) currently has an interest in those Shares and Options set out in Gary Steinepreis' interests set out in the table in section 8.8 of this Prospectus due to Gary

Steinepreis controlling Oakhurst Enterprises Pty Ltd. Gary Steinepreis and related entities have indicated that it is their current intention to subscribe for their full Entitlement under the Offer in respect of all of the Shares in which they have an interest;

- (g) Ranchland Holdings Pty Ltd (including its related entities) currently has an interest in those Shares and Options set out in Roger Steinepreis' interests set out in the table in section 8.8 of this Prospectus due to Roger Steinepreis controlling Ranchland Holdings Pty Ltd. Roger Steinepreis and related entities have indicated that it is their current intention to subscribe for their full Entitlement under the Offer in respect of all of the Shares in which they have an interest;
- (h) Wilhaja Pty Ltd, as trustee for the Riekie Family Account (including its related entities) currently has an interest in those Shares and Options set out in David Riekie's interests set out in the table in section 8.8 of this Prospectus due to David Riekie controlling Wilhaja Pty Ltd. David Riekie and related entities have indicated that it is their current intention to subscribe for their full Entitlement under the Offer in respect of all of the Shares in which they have an interest; and
- (i) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$110,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,171
ASX fees	5,743
Underwriting fees	75,853
Legal fees	15,000
Printing and distribution	7,500
Miscellaneous	3,733
Total	110,000

8.12 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance. If you have not, please phone the Company on +61 8 9420

9300 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.avonleaminerals.com.au.

The Company reserves the right not to accept an Entitlement and Acceptance from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

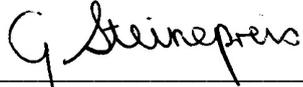
You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



GARY STEINEPREIS
NON-EXECUTIVE DIRECTOR
For and on behalf of
AVZ Minerals Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means AVZ Minerals Limited (formerly Avonlea Minerals Limited) (ACN 125 176 703).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form as provided by the Directors or the Underwriter.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 4.9 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Sub-underwriters means the sub-underwriters of the Offer.

WST means Western Standard Time as observed in Perth, Western Australia.