



19 November 2007

The Manager
Company Announcements Office
Australian Securities Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

AVONLEA ACQUIRES DIEMALS IRON ORE PROJECT

Avonlea Minerals Ltd (ASX:AVZ) ("Avonlea") is pleased to announce the acquisition of the Diemals Iron Ore project in Western Australia. The Agreement signed between the Company and Duketon Consolidated Limited (Duketon) enables Avonlea to explore for and mine Iron Ore on Exploration Licence 77/1297.

The Diemals project is located 240 kilometers north of Southern Cross in a well known iron ore producing region in Western Australia. Portman Mining Ltd's (ASX:PMM) Koolyanobbing Iron Ore Project is located in this region with 26.9 million tonnes of ore processed over the previous five years and total mineral resources of 146.5 million tonnes of ore at 61.94% Fe.

The Diemals Project comprises approximately 200 square kilometers of ground and the Company has acquired an 85% interest in the rights to Iron Ore (with 15% free carry to Bankable Feasibility Study). An interpreted 20 kilometers strike of Banded Iron Formation (BIF) exists within the tenement (see Attachment 1), which has received little, if any exploration for Iron Ore. LandSat TM data (see Attachment 2) shows the target BIF sequence outcropping in the southern portion of the tenement. The Company considers the BIF sequence to be the northern extension to the BIF sequence that occurs within ground held by Transit Holdings Ltd. No systematic mapping or sampling for Iron Ore along the entire interpreted strike length has been completed.

A number of companies are actively exploring in the region. These include:

- Portman Ltd, who in addition to exploring are operating the Windarling Iron Ore Mine 60 kilometers south of the Diemals Project, (one of three operating Portman mines in the region and the closest to the Diemals Project);
- Transit Holdings Ltd (ASX:TRH) are exploring for Iron Ore immediately south of the Diemals Project where rock chip samples over 60% Fe have been collected from the "Bolger" Prospect from BIF; and
- Polaris Metals NL (ASX:POL) are exploring for Iron Ore near the Diemals Project.

In total 3,450,000 Avonlea shares will be issued to acquire the Diemals project, with the majority of these shares being subject to 9 months voluntary escrow. No cash will be paid to vendors for the project. Following the issue of additional shares, the share capital of Avonlea will be as follows:

Shares

Avonlea ordinary shares on ASX issue	14,100,000
Avonlea ordinary shares under escrow	<u>12,350,000</u>
	26,450,000

Options

Exercise price 20 cents - Expiry date 31 May 2012	7,000,000
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The Company intends to aggressively explore the Diemals Iron Ore Project and will commence reconnaissance sampling and mapping along the BIF sequence as soon as possible.

ENDS

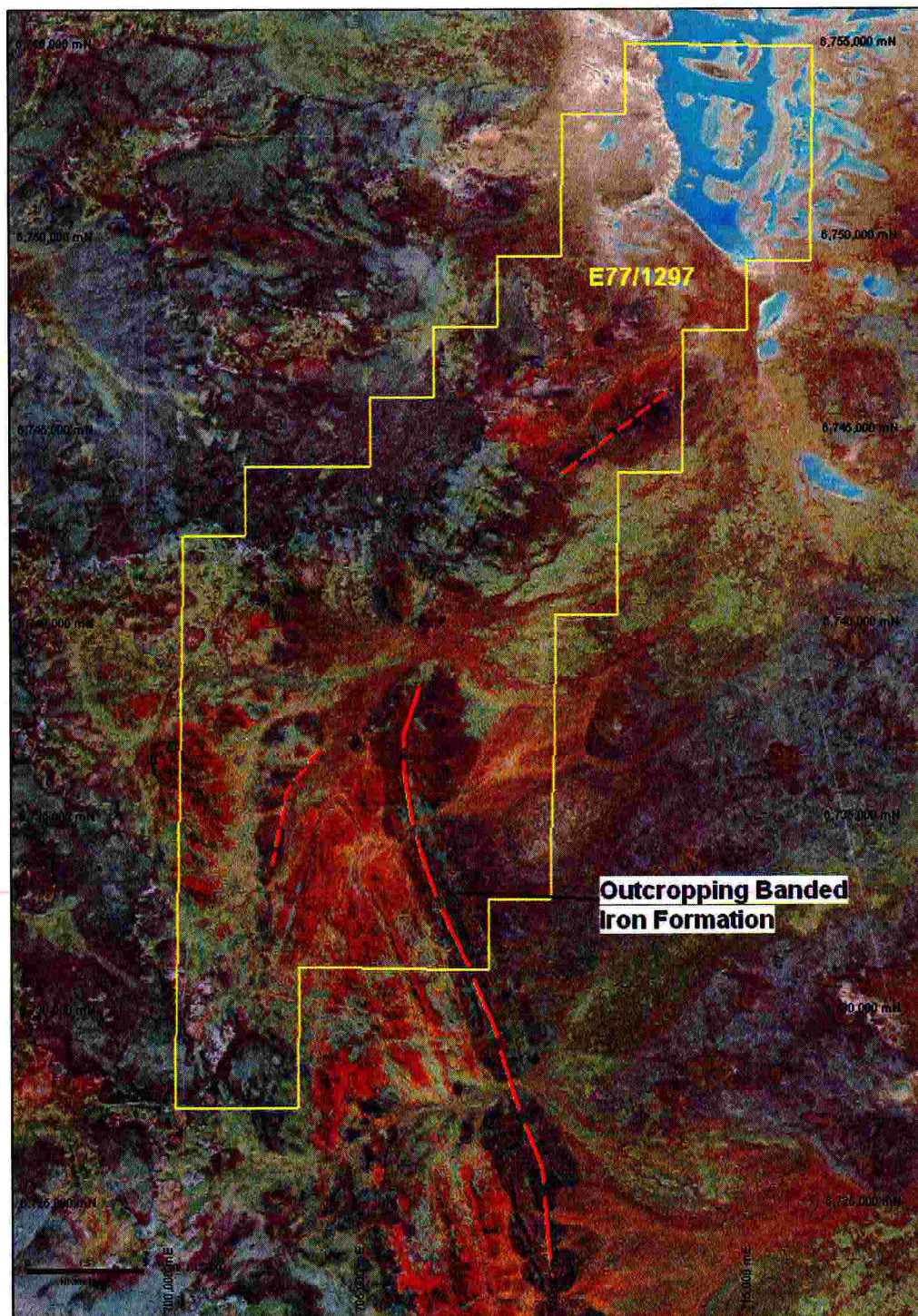
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Attachments:

Attachment 1 – Diemals Iron Ore Project – Aeromagnetic Image
Attachment 2 – Diemals Iron Ore Project – LandSat TM Image

In accordance with Listing Rules 5.6 of the Australian Stock Exchange, the technical information contained in this report has been compiled by Mr. DJ Holden, a Director of Avonlea Minerals Ltd. Mr. Holden is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Reserves. Mr. Holden consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Attachment 2 – Diemals Iron Ore Project – LandSat TM Image