

24 October 2017

*Not for release to US wire services or distribution in the United States*

## RENOUNCEABLE ENTITLEMENT OFFER

### HIGHLIGHTS

- Avenira to raise up to A\$13 million from a nine (9) for twenty (20) renounceable pro-rata Entitlement Offer to shareholders at an issue price of 4.8 cents
- New shares offered at 24% discount to 30-day VWAP and 19% discount to 5-day VWAP
- Funds raised from the Entitlement Offer will be used by the Company to progress its strategic plan and repay existing shareholder loans
- Underwriting and other commitments received for A\$12.34 million
- Foster Stockbroking mandated as Lead Manager

Avenira Limited (Avenira or the Company) (ASX:AEV) is pleased to announce a renounceable pro rata entitlement offer of new shares (**New Shares**) to raise up to A\$13 million (before costs) (**Entitlement Offer**).

Under the Entitlement Offer, Eligible Shareholders (defined below) will be able to subscribe for nine (9) new Shares for every twenty (20) existing Shares they hold at an issue price of 4.8 cents per Share. The issue price represents a 24% discount to the volume weighted average trading price (**VWAP**) for the 30-days trading prior to and including 20 October 2017, and a 14% discount to the closing price on 20 October 2017.

The Company has lodged today with the ASX the offer document in respect of the Entitlement Offer (**Offer Document**) which shareholders are urged to read in its entirety.

Managing Director and Chief Executive Officer Mr Louis Calvarin said: "I look forward to our Shareholders' support as Avenira continues on its strategic pathway to position the Baobab Phosphate Project among the world's most competitive producers of high-grade phosphate rock concentrate. Our immediate operational priority is to complete the required engineering and feasibility studies and secure offtake, approvals and financing to deliver on this objective for shareholders. We are very pleased with the support of major shareholders, whose underwriting commitments ensure we will raise a minimum of \$12.34 million to underpin our plan, and to offer this opportunity to all Avenira shareholders to invest in the Company at a discounted price."

avenira.com

AVENIRA LIMITED ABN 48 116 296 541

 Suite 19, 100 Hay Street, Subiaco, Western Australia 6008

 PO Box 1704 West Perth WA 6872

 +61 8 9264 7000

 [frontdesk@avenira.com](mailto:frontdesk@avenira.com)

FOR FURTHER INFORMATION:

**Mr Louis Calvarin**

Managing Director and CEO, Avenira Limited

**Mr Rod Wheatley**

CFO and Company Secretary, Avenira Limited



## Background

During the 2017 calendar year, the Company has been establishing a strategic plan for its Baobab Phosphate Project (**Project**), focused first on a major expansion and upgrade of the Project's beneficiation plant to bring it to a sustainable operational level, and subsequently on implementing next-step investments towards its longer term objective of downstream integration.

Under the plan to expand and upgrade the existing ore beneficiation unit, the Company has engaged engineering firm Hatch to conduct a conceptual engineering study, which has delivered positive results as detailed in the Company's announcement of 17 October 2017.

On 9 June 2017, the Company announced its three-stage plan to secure the financing required to fund the completion of the expansion and upgrade investment and the Company's ongoing working capital requirements. The first stage was to secure short-term financing in June 2017 by way of shareholder loans from shareholders Tablo and Agrifos totalling US\$4,900,000 (**Shareholder Bridge Loans**). The Entitlement Offer is the second stage, to raise up to A\$13 million (before costs) to progress the strategic plan and to fund the repayment of the Shareholder Bridge Loans (further details regarding the use of funds are included in the Offer Document). The final stage of funding will comprise a combination of debt and equity and therefore, in all likelihood, a significant capital raising will take place within the next 12 months.

## Underwriting and commitments

The Company has been successful in securing commitments from major shareholders to take up their entitlements under the Entitlement Offer, for a combined A\$5.75 million. In addition, Company shareholders Tablo Corporation (**Tablo**) and Agrifields DMCC (**Agrifields**) (**Underwriters**) have agreed to underwrite any shortfall to the Entitlement Offer (**Shortfall**) up to a combined A\$6.59 million. The combined commitments and underwriting from major shareholders ensure a minimum raising of A\$12.34 million.

## Lead Manager

The Company has appointed Foster Stockbroking as lead manager to the Entitlement Offer (**Lead Manager**). The Lead Manager will seek to place Shortfall shares on a best endeavours basis in priority to Tablo's and Agrifields' underwriting, as per the Shortfall Allocation Policy detailed below.



## Entitlement Offer

The Entitlement Offer is a renounceable pro-rata entitlement issue to Shareholders of nine (9) New Shares for every twenty (20) Shares held by Eligible Shareholders at an issue price of 4.8 cents per New Share.

The Offer Document includes details of the Entitlement Offer and its effect on the Company and the risks associated with an investment in the Company.

Shareholders may apply for an uncapped number of New Shares in excess of their full entitlement under the Entitlement Offer. New Shares applied for by Eligible Shareholders in addition to their entitlement and by other investors offered shortfall shares will be issued in priority to those Eligible Shareholders and other investors before any allocation to the Underwriters.

Eligible shareholders (**Eligible Shareholders**) are holders of existing Shares who:

- are registered as holders of existing Shares as at 5.00pm (Sydney time) on 27 October 2017; and
- have a registered address on the Avenira share register in Australia, New Zealand, Egypt or Lebanon or in United Arab Emirates, United Kingdom, Greece, United States and Panama where the Entitlement Offer falls within a security offering exception, and such exception is applicable to those shareholders in that jurisdiction at that time.

## Shortfall Allocation Policy

Unless otherwise agreed between the Company and the Underwriters, if there is a Shortfall, the Company will allocate Shortfall shares according to the following priority:

- (a) to each Eligible Shareholder who has applied for Shortfall shares through the Shortfall Offer (other than the Underwriters and Agrifos);
- (b) if following the allocation in (a) there remains a Shortfall, to those investors who apply for Shortfall shares following an invitation from the Company or the Lead Manager (other than the Underwriters and Agrifos);
- (c) if following the allocation in (a) and (b) there remains a Shortfall, the unallocated shares will then be allocated to Tablo for up to A\$1.94 million worth of New Shares in accordance with its underwriting agreement; and



- (d) if following the allocations in (a), (b) and (c) there remains a Shortfall, those unallocated shares will then be allocated to Agrifields for up to A\$4.65 million worth of New Shares in accordance with its underwriting agreement.

## Indicative Timetable

The proposed timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Entitlement Offer	24 October 2017
Lodgement of Appendix 3B, Offer Document, and Cleansing Statement with ASX	24 October 2017
Company sends letters to Option holders	24 October 2017
Company sends letters to Shareholders	25 October 2017
"Ex" Date	26 October 2017
Entitlement Trading Commencement Date	26 October 2017
Record Date (at 5:00pm Sydney time)	27 October 2017
Offer Document and Entitlement and Acceptance Form dispatched to Eligible Shareholders	1 November 2017
Opening Date	1 November 2017
Entitlement Trading End Date	15 November 2017
Shares quoted on a deferred settlement basis	16 November 2017
Last day to extend the Entitlement Offer Closing Date	17 November 2017
Entitlement Offer Closing Date (at 5:00pm Sydney time)	22 November 2017
Shortfall Notification Date	27 November 2017



Issue of New Shares under the Entitlement Offer and to Eligible Shareholders who have subscribed for Shortfall Shares	29 November 2017
Deferred Settlement Trading Ends	29 November 2017
Anticipated date for dispatch of holding statements for New Shares issued under the Entitlement Offer and to Eligible Shareholders who have subscribed for Shortfall Shares	29 November 2017
Anticipated commencement of trading on ASX of New Shares issued under the Entitlement Offer and to Eligible Shareholders who have subscribed for Shortfall Shares	1 December 2017
Underwriter Shortfall Notification Date	4 December 2017
Issue of Shortfall Shares (if any) to Underwriters	6 December 2017
Issue of remaining Shortfall Shares (if any)	Within 3 months of the Closing Date

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

## Placement

In addition to the Entitlement Offer, and subject to there being sufficient demand, the Company may also undertake a placement offer of up to 41,666,667 ordinary shares to investors to raise up to approximately A\$2 million (before costs) at an issue price of 4.8 cents per share. The placement will be carried out under the Company's existing placement capacity and funds raised to be used to further the Company's strategic plan and for working capital. Further details are provided within the Offer Document.

## Dilution and Potential Effect on Control

Please see the Offer Document accompanying this announcement for further details of the dilution effect of the Entitlement Offer and the potential effect the Entitlement Offer may have on the control of Avenira.



## Additional Information

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Document in its entirety. The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. The Offer Document 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.

Louis Galvarin

Managing Director and CEO

*This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.*



**ACN 116 296 541**

## **OFFER DOCUMENT**

**For a renounceable pro rata entitlement issue of nine (9) New Shares for every twenty (20) Shares held by Eligible Shareholders at the Record Date at an issue price of 4.8 cents per New Share to raise up to A\$13 million (before costs) (Entitlement Offer)**

The Entitlement Offer is currently expected to close at 5.00pm (Sydney time) on 22 November 2017. Valid applications must be received before that time. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Entitlement Offer.

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.**

**THIS OFFER DOCUMENT IS NOT A PROSPECTUS. IT DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR WOULD FIND IN A PROSPECTUS OR WHICH MAY BE REQUIRED IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION REGARDING, OR ABOUT THE RIGHTS ATTACHING TO, THE NEW SHARES OFFERED BY THIS OFFER DOCUMENT.**

**THE ENTITLEMENT OFFER OPENS AT 9:00AM (SYDNEY TIME) ON 1 NOVEMBER 2017 AND CLOSSES AT 5:00PM (SYDNEY TIME) ON 22 NOVEMBER 2017. VALID ACCEPTANCES MUST BE RECEIVED BEFORE THE ENTITLEMENT OFFER CLOSSES.**

**PLEASE READ THE INSTRUCTIONS IN THIS DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT.**





## IMPORTANT INFORMATION

This Offer Document is issued pursuant to section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Avenir Limited ABN 48 116 296 541 and was lodged with ASX on 24 October 2017. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

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

### **No updates to Offer Document**

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Neither the Company, nor any other advisor of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

### **Application Forms**

The Application Forms accompanying this Offer Document are important.

Acceptance of New Shares under the Offers can only be submitted on an Application Form sent with a copy of this Offer Document by the Company. If acceptance is by BPAY® there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 6 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offers detailed in this Offer Document.

### **Eligibility**

The Entitlement Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

### **Overseas Shareholders**

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

The Offers are not being extended, and Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Egypt, Lebanon and Shareholders in United Arab Emirates, United Kingdom, Greece, United States and Panama where the Offers do not fall within a security offering exception applicable to those Shareholders in that jurisdiction. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) 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.

No action has been taken to permit the offer of Shares to existing Shareholders in any jurisdiction other than Australia. The distribution of this Offer Document in jurisdictions outside those jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Nominees and custodians may not distribute this Offer Document, and may not permit any beneficial shareholder to participate in the Offers, in any country outside Australia, Egypt and Lebanon except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

### ***New Zealand***

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### ***Egypt***

The Company is offering the New Shares in Egypt only to its Shareholders with a registered address in Egypt. The New Shares are not being offered to the public in Egypt.

### ***United Arab Emirates***

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority (**ESCA**) or any other governmental authority in the United Arab Emirates, nor has the State received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the New Shares, including the receipt of applications or the allotment of New Shares, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the New Shares may be offered, and this document may be distributed, only as an Exempt Offer, as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the **DFSA**). The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers.

### ***United Kingdom***

Neither the information in this document nor any other document relating to the Offers have been delivered for approval to the Financial Services Authority in the United Kingdom and no Offer Document (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **Greece**

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Greece, from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities of the Company has not been made, and may not be made, in Greece except pursuant to one of the following exemptions under the prospectus Directive as implemented in Greece:

- to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC) (**MiFID**);
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the Company of an prospectus pursuant to Article 3 of the prospectus Directive.

### **Lebanon**

This document does not, and is not intended to, constitute an invitation or an offer of securities in Lebanon and accordingly should not be construed as a collective investment scheme by means of the Central Bank of Lebanon Law No. 706 dated December 9, 2005. The offering has not been licensed for offering in Lebanon by the Central Council of the Central Bank in Lebanon or any other relevant Lebanese government agency. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in Lebanon and it has not been reviewed or approved by the capital market authority in Lebanon or any other regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document.

### **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions

exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### **Panama**

The New Shares have not been registered with, and are not under the supervision of, the Superintendence of the Securities Market. The Company is offering the New Shares in Panama only to its Shareholders with a registered address in Panama. The New Shares are not being offered to the public in Panama.

### **Speculative Investment**

An investment in the New Shares should be considered highly speculative. Refer to Section 7 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Offer Document in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

### **Forward-looking Statements**

This Offer Document contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' 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 Offer Document, 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 the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 7. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

### **Website**

No document or information included on the Company's website is incorporated by reference into this Offer Document.

### **Diagrams**

Any diagrams used in this Offer Document are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Offer Document.

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## **Currency**

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

## **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

## **Time**

All references to time in this Offer Document are references to Sydney time, unless otherwise stated.

## **Glossary**

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in Section 10.

## **Compliance Statement**

Information in this Offer Document relating to estimates of Mineral Resources is extracted from the report entitled "Mineral Resource Increase at Baobab Phosphate Project" created on the twelfth of October 2017 and is available to view on [www.avenira.com](http://www.avenira.com). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

# CORPORATE DIRECTORY

## Directors

Dr Christopher Pointon	Non-Executive Chairman
Mr Louis Calvarin	Managing Director and CEO
Mr Farouk Chaouni	Non-Executive Director
Mr Timothy Cotton	Non-Executive Director
Mr Ian McCubbing	Non-Executive Director
Mr David Mimran	Non-Executive Director

## Company Secretaries

Mr John Ribbons  
Mr Rodney Wheatley

## Registered Office

Suite 19, 100 Hay Street  
Subiaco WA 6008  
Tel: +61 8 9264 7000  
Fax: +61 8 9264 7099  
Email: [frontdesk@avenira.com](mailto:frontdesk@avenira.com)  
Website: [www.avenira.com](http://www.avenira.com)  
ASX Code: AEV

## Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Tel: 1300 850 505

## Lawyers

DLA Piper Australia  
Level 31, Central Park  
152 - 158 St Georges Terrace  
Perth WA 6000

## Auditor\*

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

## Corporate Adviser

Azure Capital Limited  
Level 34, Exchange Tower  
2 The Esplanade  
Perth WA 6000

## Lead Manager

Foster Stockbroking Pty Ltd  
Level 25, 52 Martin Place  
Sydney NSW 2000

## Underwriters

Agrifields DMCC  
705, JBC5, Cluster W  
JLT, Dubai, United Arab Emirates

Tablo Corporation  
Calle Aquilino De La Guardia 8  
Panama City, Republic of Panama

\*This party is named for informational purposes only and was not involved in the preparation of this Offer Document or been requested to consent to being named in this Offer Document.

## INDICATIVE TIMETABLE FOR ENTITLEMENT OFFER

Event	Date
Announcement of Entitlement Offer	24 October 2017
Lodgement of Appendix 3B, Offer Document, and Cleansing Statement with ASX	24 October 2017
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Underwriter Shortfall Notification Date	4 December 2017
Issue of Shortfall Shares (if any) to Underwriters	6 December 2017
Issue of remaining Shortfall Shares (if any)	Within 3 months of the Closing Date

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The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.



# LETTER FROM THE MANAGING DIRECTOR AND CEO

Dear Shareholder

On behalf of the Board, I am pleased to present this Offer Document for Avenira Limited's (**Avenira or Company**) Entitlement Offer to Shareholders.

During the 2017 calendar year, the Company has been establishing a strategic plan for its Baobab Phosphate Project initially focusing on a major expansion and upgrade of the Baobab Phosphate Project's beneficiation plant to bring it to a fully sustainable operational level and subsequently on implementing the next step investments towards the long-term objective of becoming a significant supplier to the fertiliser industry, including further expansions of the Baobab Phosphate Project's mining and beneficiation operations.

The Company has engaged engineering firm Hatch to conduct engineering studies to estimate the necessary upfront capital expenditure to expand and upgrade the Baobab Phosphate Project's existing ore beneficiation unit. Hatch's studies have delivered positive results as detailed in the Company's announcement of 17 October 2017.

There are a number of hurdles and risks associated with the implementation of the strategic plan. Please refer to Section 7 for further risks associated with an investment in the Company.

On 9 June 2017, the Company announced its three-stage plan to secure the financing required to fund the completion of the beneficiation expansion and upgrade capital investment and the Company's ongoing working capital requirements. The first stage was to secure short-term financing in June 2017 by way of shareholder loans from Tablo and Agrifos totalling US\$4,900,000 (**Shareholder Bridge Loans**). The Entitlement Offer comprises the second stage to raise up to A\$13 million (before costs) to fund the repayment of the Shareholder Bridge Loans and to progress the strategic plan. The final stage will comprise a significant capital raising following completion of this Entitlement Offer to fund the construction of the expanded and upgraded plant.

The Company has been successful in securing commitments from its major Shareholders totalling A\$5.75 million to take up their Entitlements under the Entitlement Offer. In addition, the Company's Shareholders Tablo and Agrifields (**Underwriters**) have agreed to underwrite any shortfall to the Entitlement Offer up to a combined A\$6.59 million. The combined commitments and underwriting from major Shareholders ensures a minimum raising of A\$12.34 million.

The Entitlement Offer is a renounceable pro-rata entitlement issue to Shareholders of nine (9) New Shares for every twenty (20) Shares held by Eligible Shareholders at an issue price of 4.8 cents per New Share. The issue price represents a discount of 24% based on a 30-day VWAP prior to the announcement of the Entitlement Offer on 24 October 2017 and a discount of 14% to the closing price of the Company's shares on 20 October 2017.

Shareholders may apply for New Shares in excess of their full entitlement under the Entitlement Offer. Any Shortfall Shares applied for by Eligible Shareholders will be issued in priority to those Eligible Shareholders, and to any other new Shareholders introduced as part of the placement of any Shortfall Shares, before any allocation to the Underwriters.

In addition to the Entitlement Offer, and subject to there being sufficient demand, the Company may also undertake a Placement Offer to investors to raise up to approximately A\$2 million (before costs) at an issue price of 4.8 cents per Placement Share. Further details are provided within this Offer Document.

Further information about the Group and its operations is contained in publicly available documents lodged by the Company with ASIC and ASX. This Offer Document should be read in conjunction with this material.

On behalf of the Board, I would like to thank you for considering the Entitlement Offer. We greatly appreciate your continued support.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Calvarin', with a large, stylized initial 'C'.

**Louis Calvarin**  
**Managing Director and CEO**

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# 1. Investment Overview

Topic	Summary	Further information
What is the Entitlement Offer?	Nine (9) New Shares for every twenty (20) Shares held by Eligible Shareholders at the Record Date at an issue price of 4.8 cents per New Share to raise up to A\$13 million (before costs).	Section 3.1
What is the purpose of the Entitlement Offer?	<p>The purpose of the Entitlement Offer is to raise up to A\$13 million (before costs).</p> <p>The funds raised from the Entitlement Offer will be used for:</p> <ul style="list-style-type: none"> <li>• repayment of Shareholder Bridge Loans;</li> <li>• engineering studies and costs required for completion of engineering studies for expansion and upgrade of the Baobab Phosphate Project (including exploration costs);</li> <li>• finalisation of large mine permit application;</li> <li>• potential lease down payment at the new Bargny-Sendou Port;</li> <li>• costs of the offer; and</li> <li>• working capital.</li> </ul>	Section 2.4
What are the Shareholder Bridge Loans?	<p>In June 2017, in order to satisfy an urgent requirement for funding and begin implementation of the Company's Strategic Plan, the Company entered into the Shareholder Bridge Loans with two of its major Shareholders, Agrifos Group (controlled by Farouk Chaouni and Tim Cotton, Directors) and Tablo Corporation (an affiliate of Groupe Mimran, which is an entity controlled by Mr David Mimran, Director). Following an agreement to increase the drawdown limit under the loans, the Company has been provided with unsecured loan facilities for an aggregate total of US\$4.9 million, each with a 6% interest rate.</p> <p>The Shareholder Bridge Loans are repayable on the earlier of six months from first drawdown or completion of the Entitlement Offer. As at the date of this Offer Document, the Company has fully drawn down under the Shareholder Bridge Loans.</p>	Section 2.3(c)
What is the Strategic Plan?	During the 2017 calendar year, the Company has been establishing a strategic plan for its Baobab Phosphate Project ( <b>Strategic Plan</b> ) initially focusing on the expansion and upgrade of the existing ore beneficiation unit to bring it to a fully sustainable operational level and subsequently to implement the next step investments towards the Company's long-term objective of becoming a significant supplier to the fertiliser industry.	Section 2.2
Who can participate in the Entitlement Offer?	The Entitlement Offer is being extended to Shareholders with a registered address on the Record Date in Australia, New Zealand, Egypt, Lebanon and Shareholders in United Arab Emirates, United Kingdom, Greece, United States and Panama where the Offers fall within a security offering exception applicable to those Shareholders in that jurisdiction.	Section 3.15

Topic	Summary	Further information
	<p>The Company has sought approval from ASIC to appoint Foster Stockbroking Pty Ltd as Nominee for the purposes of section 615 of the Corporations Act to sell Entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.</p> <p>Shareholders should note that the Entitlement Offer remains subject to ASIC's approval of the Company's application to appoint the Nominee. The Company sees no reason why such approval should not be obtained, however, there is no guarantee that it will be obtained. If the approval is not obtained, the Company will either seek to appoint another nominee or the Entitlement Offer will not proceed in its current form and the Company will need to reconsider its options at that time.</p>	
<p><b>What is the effect of the Offers on control of the Company?</b></p>	<p>Shareholders who do not participate in the Offers may have their shareholding diluted by up to a maximum of 34.2%. This is based on the following assumptions:</p> <ol style="list-style-type: none"> <li>1. The Entitlement Offer is fully subscribed by all other Shareholders;</li> <li>2. The Placement Offer fully subscribed; and</li> <li>3. All Shortfall Shares are placed as per the shortfall allocation policy detailed in Section 3.6.</li> </ol> <p>If the Directors decide to not proceed with the Placement Offer then Shareholders who do not participate in the Offers may have their shareholding diluted by up to a maximum of 31%.</p> <p>Depending on the level of acceptance by Shareholders of their Entitlements and the take up of Shortfall Shares under the Shortfall Offer and the Placement Offer, the effect on the ownership by Tablo, as an Underwriter, is that its Voting Power in the Company may potentially exceed 20%.</p> <p>Due to the timing the issue of New Shares under the Entitlement Offer and Shortfall Offer, the Agrifos Group's Voting Power will also increase for a brief period of time. However, the overall effect of the Offers will result in the Agrifos Group reducing its Voting Power.</p>	<p>Section 4</p>
<p><b>What are key risks associated with an investment in the Company?</b></p>	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 7.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• <b>Future Capital Requirements:</b> The Company will require additional funding during the second half of the 2018 financial year to fund the completion of the Baobab Phosphate Project beneficiation plant expansion and upgrade step of the Company's Strategic Plan and to fund its ongoing operations and will need to undertake a significant fund raising, by way of debt and/or equity, which may or may not</li> </ul>	<p>Section 7</p>

Topic	Summary	Further information
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be available. If additional funds are raised through the issue of equity securities, the percentage ownership of current Shareholders may be diluted. Debt financing, if available, may involve certain restrictions on operating activities or other financings. Furthermore, while the upfront capital expenditure required to implement the Strategic Plan is estimated to be approximately US\$53.4 million (on a  $\pm 30\%$  basis), with the Company's 80% share estimated at US\$42.7 million, these are estimated figures only and there is no guarantee that the capital cost actually required will not change at the time of implementing the Strategic Plan.

In addition to or as part of the funding required to complete the Strategic Plan, the Company will be required to raise further funds in the second half of the 2018 Financial Year to fund its ongoing operations. An inability to obtain the required additional finance would have a material adverse effect on the Company's business and its financial condition and performance.

- New application and regulatory risks:** The Company currently holds a small mine permit (**SMP**) for its Baobab Phosphate Project and has filed an application for a large mine permit (**LMP**) which is expected to be approved before the end of Q1 2018. However, there is a risk that the Senegal Government will reject the application. While the Company has no reason to believe that all requisite approvals will not be forthcoming, Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. There is a risk that if the LMP is not granted and if the Group is unable to expand the resources available to the Baobab Phosphate Project beyond the SMP perimeter, then the Group may not be successful in attracting future financing or fundraising for the expansion and upgrade of the Baobab Phosphate Project, as this funding is likely to be predicated on the Group expanding the Baobab Phosphate Project within the LMP area and thus the overall life of the mine.
- Underwriting termination risk:** The Underwriting Agreements include various termination events upon the occurrence of which Tablo and Agrifields may elect, in their discretion, to terminate their respective underwriting arrangements. In the event that the Underwriting Agreements are terminated, (i) the Entitlement Offer will not be underwritten and may not raise the full amount intended, (ii) the Directors may determine not to proceed with the Offers, and (iii) the company may have insufficient funds to complete all of the expenditure set out in Section 2.4.

Topic	Summary	Further information
<b>What is the effect of the Offers on the Company?</b>	The maximum number of Shares that will be issued under the Entitlement Offer and Shortfall Offer is 270,726,018 New Shares.	Sections 5.1
<b>Is the Entitlement Offer subject to a minimum subscription?</b>	No.	Section 3.4
<b>Can I subscribe for more than my Entitlement?</b>	<p>Yes, if you take up your Entitlement in full, you can apply for additional New Shares under the Shortfall Offer. There is no limit to the amount of New Shares you may subscribe for under the Shortfall Offer.</p> <p>The allocation of additional New Shares applied for under the Shortfall Offer will be subject to the Shortfall (if any) that exists.</p>	Section 3.6
<b>Is the Entitlement Offer underwritten?</b>	<p>The Entitlement Offer is being severally and partially underwritten by Tablo and Agrifields.</p> <p>Tablo has agreed to underwrite up to A\$1.94 million of New Shares, in priority to Agrifields, following which Agrifields will underwrite up to an additional A\$4.65 million of New Shares after Tablo has taken up its underwriting commitment.</p> <p>In consideration of Tablo's June 2017 early commitment to underwrite up to A\$1.94 million of New Shares, the Company will pay Tablo a 5% underwriting fee of A\$97,000 based on its full underwriting commitment.</p> <p>In consideration for Agrifields' underwriting commitment and its commitment to subscribe for its Entitlements under the Entitlement Offer, Agrifields will be entitled to nominate an independent director to the Board, following the completion of the Entitlement Offer.</p>	Section 4.1

Topic	Summary	Further information
<b>What has been the response to the Entitlement Offer by major Shareholders?</b>	<p>The Company has been successful in securing commitments from the following major Shareholders totalling A\$5.75 million:</p> <ul style="list-style-type: none"> <li>• the Agrifos Group has agreed to subscribe for their Entitlements under the Entitlement Offer up to A\$2.8 million. Agrifos will receive a fee of \$140,000 in consideration for its early commitment to subscribe for its Entitlements;</li> <li>• Mrs Vineeta Gupta has agreed to subscribe for in full her Entitlements under the Entitlement Offer totalling A\$0.20 million;</li> <li>• Tablo (and its associates) has agreed to subscribe in full for its Entitlements under the Entitlement Offer totalling A\$2.26 million. In consideration for its early commitment to take up its Entitlements, Tablo will receive a fee of A\$113,000; and</li> <li>• Agrifields has agreed to subscribe in full for its Entitlements under the Entitlement Offer totalling A\$0.49 million.</li> </ul> <p>The combined commitments from major Shareholders and the underwriting ensures a minimum raising of A\$12.33 million.</p>	Section 2.3(d)
<b>How do I accept my Entitlement?</b>	<p>All Eligible Shareholders are entitled to participate in the Entitlement Offer. If you wish to accept all or part of your Entitlement, you must complete your Entitlement and Acceptance Form that accompanies this Offer Document and send it to the Share Registry together with payment by cheque, bank draft or money order or follow the instructions to pay via BPAY®.</p>	Section 6.1
<b>Can I sell or transfer my Entitlement under the Entitlement Offer?</b>	<p>Yes, Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements may choose to sell their Entitlements on ASX.</p> <p>Rights trading is scheduled to commence on ASX on 26 October 2017 and cease on 15 November 2017.</p>	Section 3.3



Topic	Summary	Further information
<b>How will Shortfall be allocated?</b>	<p>Unless otherwise agreed between the Company and the Underwriters, the Company will allocate Shortfall Shares based on the following priority:</p> <ul style="list-style-type: none"> <li>• to each Eligible Shareholder (other than the Underwriters and the Agrifos Group) who has applied for Shortfall Shares through the Shortfall Offer;</li> <li>• investors who apply for Shortfall Shares following an invitation from the Company or the Lead Manager (other than the Underwriters and the Agrifos Group);</li> <li>• to Tablo up to A\$1.94 million in accordance with its underwriting arrangements; and</li> <li>• to Agrifields up to A\$4.65 million in accordance with its underwriting arrangements.</li> </ul> <p>Eligible Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form.</p>	Sections 3.6 and 3.7
<b>What is the Placement Offer?</b>	<p>The Company may offer to issue up to 41,666,667 Shares to investors at the same price of 4.8 cents per Share as that offered under the Entitlement Offer to raise up to A\$2 million (before costs) (<b>Placement Offer</b>).</p> <p>As at the date of this Offer Document, the Directors have elected to make a decision on whether to proceed with the Placement Offer after the Entitlement Offer closes which will depend on whether demand is available.</p>	Section 2.3
<b>Who is the Lead Manager?</b>	<p>Foster Stockbroking Pty Ltd has been appointed as Lead Manager; the Lead Manager will seek to place Shortfall Shares on a best endeavours basis in priority to Tablo's and Agrifields' underwriting.</p> <p>The Company will pay the Lead Manager a 5% fee of the total dollar amount raised by the Lead Manager and a retainer of A\$50,000.</p>	Section 9.4
<b>Enquiries concerning Offer Document</b>	<p>Enquiries relating to this Offer Document should be directed to the Company Secretary on +61 (08) 9264 7000.</p>	Section 3.20

## 2. Company Overview

### 2.1 Overview

During the 2017 calendar year the Company has been establishing a strategic plan for the Baobab Phosphate Project (**Strategic Plan**); increased the Indicated and Inferred Mineral Resources (as those terms are defined in the JORC Code) to 34.9 million and 156 million tonnes at a 15% P<sub>2</sub>O<sub>5</sub> cut off, respectively, following completion of drill programs; and completed the first sales of Gadde Bissik phosphate rock concentrate to customers.

In July 2017 a three year extension was granted for the Cherif Lo-Ngakham Exploration Permit. In May 2017 an application was lodged for conversion of the SMP into a 75 km<sup>2</sup> "Permis d'Exploitation" (referred to as the **Large Mine Permit** or **LMP**) with a targeted renewable term of 20 years.

### 2.2 Strategic Plan

The Strategic Plan initially focuses on the expansion and upgrade of the existing ore beneficiation unit to bring it to a fully sustainable operational level, and subsequently on implementing the next step investments towards the long-term objective of becoming a significant supplier to the fertiliser industry.

The planned expansion and upgrade of the existing ore beneficiation unit is expected to deliver a capacity and performance expansion of the existing Baobab processing facility. It will include a flotation line to improve P<sub>2</sub>O<sub>5</sub> recovery from around 50% currently to around 70%, and to reduce the silica assay of the Gadde Bissik phosphate rock concentrate product. It will also include a drying process unit to control product moisture at the commercially required level, including during the annual wet season. Following completion of the expansion and upgrade of the existing ore beneficiation unit, the nameplate production capacity is projected to be 1 Mtpa.

The Company engaged engineering firm Hatch to conduct conceptual engineering studies to estimate the initial upfront capital expenditure necessary for the expansion and upgrade to the beneficiation unit. Hatch's studies reached positive results, concluding that expanding and upgrading the Baobab Phosphate Project's Gade Bassik beneficiation plant, thereby increasing its nameplate capacity to 1 Mtpa of high grade phosphate rock concentrate, could be undertaken for a total upfront capital expenditure of approximately US\$53.4 million (on a ± 30% basis), with the Company's 80% share estimated at US\$42.7 million.

### 2.3 Funding

#### (a) **Medium Term Loan and SPP**

In December 2016, Gadde Bissik Phosphate Operations SUARL (**GBO**), Avenir's 80%-owned subsidiary, successfully secured an A\$8.8 million finance facility through CBAO Groupe Attijariwafa Bank. The facility consists of a A\$4.4 million medium term loan (**Medium Term Loan**) and access to an additional A\$4.4 million for the financing of export receivables, if required. The facility was secured to assist with the final stages of commissioning and ramp-up of the Baobab Phosphate Project. The Medium Term Loan of A\$4.4 million was fully drawn down on 31 December 2016.

In April 2017, the Company undertook a Share Purchase Plan (**SPP**) to raise interim finance of A\$2,500,000 at an issue price of 8.4 cents. The SPP closed in June 2017 raising A\$608,950. An additional A\$1,891,050 was raised in July 2017 via a placement of the SPP shortfall to Agrifields.

(b) **Three-stage funding**

On 9 June 2017, the Company announced its three-stage plan to secure the financing required to fund the completion of the Strategic Plan and the Company's ongoing working capital requirements, which currently comprises:

- (i) bridge loans from the Company's two major Shareholders, Agrifos Group (controlled by Directors, Farouk Chaouni and Tim Cotton) and Tablo (an affiliate of Groupe Mimran, which is also an entity controlled by Mr David Mimran, Director) totalling US\$4.9 million which have been fully drawn;
- (ii) this Entitlement Offer which originally intended to raise a minimum of A\$7 million and up to A\$13 million; and
- (iii) additional financing to be sought in due course following completion of the Entitlement Offer.

(c) **Shareholder Bridge Loans**

In June 2017, the Company was in immediate need of capital in order to satisfy an urgent requirement for short-term funding to continue to operate as a going concern and begin implementation of the Company's Strategic Plan. Having recently completed a share purchase plan, the Company concluded that the most appropriate fund raising approach was to schedule an entitlement offer. In the interim, the Company was provided with unsecured bridge loans from major Shareholders, Agrifos providing US\$1.44 million and Tablo providing US\$2.16 million, for an aggregate total of US\$3.6 million (**Shareholder Bridge Loans**). The Shareholder Bridge Loans have been provided each at a 6% interest rate and are repayable on the earlier of six months from first drawdown or completion of the Entitlement Offer.

On 9 October 2017, each of the Agrifos Group and Tablo agreed to vary the terms of the Shareholder Bridge Loans by increasing the loan facility to US\$1.96 million and US\$2.94 million, respectively, for an aggregate total of US\$4.9 million. As at the date of this Offer Document, the Company has fully drawn down under the revised Shareholder Bridge Loans.

The Agrifos Group and Tablo also agreed, if requested by the Company, to commit funds to the Entitlement Offer up to a maximum of US\$3.36 million in the case of Tablo and US\$2.24 million in the case of Agrifos. A portion of the proceeds from the Entitlement Offer will be used to repay the US\$4.9 million Shareholder Bridge Loans.

(d) **Entitlement Offer**

In June, as part of the Shareholder Bridge Loans, the Agrifos Group agreed to subscribe for its Entitlements under the Entitlement Offer up to A\$2.8 million (provided the US\$ equivalent does not exceed US\$2.24 million) and Tablo (and its associates) agreed to subscribe in full for its Entitlements under the Entitlement Offer totalling A\$2.26 million and agreed to underwrite any Shortfall up to A\$1.94 million (provided the overall commitment of A\$4.2 million did not exceed US\$3.36 million).

Since entering into the Shareholder Bridge Loans in June, the Company has been finalising its future capital requirements and actively seeking Shareholders and third parties willing to underwrite the Entitlement Offer.

The Company has been successful in securing the following commitments from its Shareholders:

- (i) the Agrifos Group has agreed to subscribe for its Entitlements under the Entitlement Offer up to A\$2.8 million (provided the US\$ equivalent does not exceed US\$2.24 million). Agrifos will receive a 5% fee (A\$140,000) for its early commitment to subscribe for its Entitlements;

- (ii) Mrs Vineeta Gupta has agreed to subscribe in full her Entitlements under the Entitlement Offer totalling A\$0.20 million;
- (iii) Tablo (and its associates) has agreed to subscribe in full for its Entitlements under the Entitlement Offer totalling A\$2.26 million and has agreed to underwrite any Shortfall to the Entitlement Offer up to A\$1.94 million. Tablo will receive a 5% fee for its early commitment to subscribe for its Entitlements (A\$113,000) and its early commitment to underwrite the Entitlement Offer (A\$97,000); and
- (iv) Agrifields has agreed to subscribe in full for its Entitlements under the Entitlement Offer totalling A\$0.49 million and has agreed to underwrite any Shortfall to the Entitlement Offer following Tablo's underwriting up to A\$4.65 million. In consideration for Agrifields' underwriting commitment, Agrifields will be entitled to nominate an independent director to the Board, following the completion of the Entitlement Offer.

The combined commitments from major Shareholders ensures a minimum raising of A\$12.34 million.

The monies owed by the Company to Tablo and the Agrifos Group under the Shareholder Bridge Loans will be offset against Tablo's and the Agrifos Group's obligations to subscribe for their Entitlements.

Foster Stockbroking Pty Ltd has been appointed as Lead Manager of the Entitlement Offer. The Lead Manager will seek to place Shortfall Shares on a best endeavours basis in priority to Tablo's and Agrifields' underwriting commitments.

Subject to demand being available and following completion of the Entitlement Offer, the Company may also offer to issue up to 41,666,667 Shares (**Placement Shares**) to investors at the same price of 4.8 cents per Share as that offered under the Entitlement Offer to raise up to A\$2 million (before costs) (**Placement Offer**).

Agrifields has agreed, subject to Agrifields being required to underwrite less than A\$2 million of the Entitlement Offer, to subscribe for Placement Shares under the Placement Offer equal to the difference between A\$2 million and the actual amount underwritten by Agrifields.

(e) **Additional financing**

Financing from the Entitlement Offer will provide the Company with funding to repay the Shareholder Bridge Loans and progress its Strategic Plan. However, in order to fully realise the Strategic Plan, significant additional capital is required and will be sought by the Company following completion of the Entitlement Offer.

## 2.4 Use of funds

Based on Hatch's engineering studies and internal cash flow projections, the Company has determined that a A\$13 million Entitlement Offer will provide the Company sufficient capital to enable it to operate as a going concern until it is in a position to conduct a further significant capital raising in order to fully realise the first major step in its Strategic Plan.

The funds raised from the Entitlement Offer will be used to repay all amounts drawn down under the Shareholder Bridge Loans (together with all accrued interest) with the remaining funds raised to be utilised towards:

- (a) engineering studies and costs required for completion of engineering studies for expansion and upgrade of the Baobab Phosphate Project (including exploration costs);
- (b) finalisation of the large mine permit application;

- (c) potential lease down payment at the new Bargny-Sendou Port;
- (d) costs of the offer; and
- (e) working capital.

Description	(A\$)	%
Repayment of Shareholder Bridge Loans	6,302,000	48.5
Engineering studies to expand the Baobab Phosphate Project (inc exploration costs)	2,116,000	16.3
Finalisation of large mine permit application	372,000	2.9
Lease down payment at new Bargny-Sendou Port	586,000	4.5
Costs of the Offers	749,000	5.8
General working capital	2,875,000	22
<b>TOTAL</b>	<b>A\$13,000,000</b>	<b>100%</b>

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

If less than A\$13 million (before costs) is raised pursuant to the Entitlement Offer, the Company will use the funds from the Entitlement Offer to pay the associated costs of the Offers, repay the Shareholder Bridge Loans and will scale back funds available for the other uses stated above.

## 3. Details of the Offers

### 3.1 Entitlement Offer

The Entitlement Offer is a renounceable pro rata entitlement issue of nine (9) New Shares for every twenty (20) Shares held by Eligible Shareholders on the Record Date at an issue price of 4.8 cents per New Share to raise up to A\$13 million (before costs) (**Entitlement Offer**).

Under this Offer Document, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia, New Zealand, Egypt, Lebanon and Shareholders with a registered address in United Arab Emirates, United Kingdom, Greece, United States or Panama where the Offers fall within a security offering exception applicable to Shareholders in that jurisdiction, are eligible to participate in the Entitlement Offer.

As at the date of this Offer Document, the Company has on issue:

Class	Number
Shares	601,613,373
Options	88,075,000 <sup>1</sup>
Performance Rights	2,512,500 <sup>2</sup>

**Note:**

1. Comprised of 2,075,000 unlisted Options with an exercise price of \$0.10 expiring on 30 June 2018, 3,000,000 unlisted Options with an exercise price of \$0.15 expiring on 30 June 2018, 3,000,000 unlisted Options with an exercise price of \$0.25 expiring on 30 June 2018 and 80,000,000 unlisted Options with an exercise price of \$0.25 expiring on 24 September 2019.
2. 2,512,500 unlisted performance rights expiring on 10 December 2017.

The holders of existing Options will not be entitled to participate in the Entitlement Offer without first exercising their Options.

Assuming no Options or performance rights are exercised are exercised before the Record Date, approximately 270,726,018 New Shares may be issued under the Entitlement Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

All of the New Shares will rank equally with the Shares on issue at the date of this Offer Document. Refer to Section 8 for a summary of the rights attaching to New Shares.

### 3.2 Entitlements Trading

Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements may choose to sell their Entitlements on ASX. Information on how Entitlements may be sold on ASX is detailed in Section 6.

Rights trading is scheduled to commence on ASX on 26 October 2017 and cease on 15 November 2017.

### 3.3 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

### 3.4 Opening and closing dates

The Company will accept Acceptance Forms in respect of the Offers from Applicants from the Opening Date until 5.00pm (Sydney time) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payment made by BPAY® must be received no later than 5.00pm (Sydney time) on the Closing Date. It is the responsibility of all Applicants to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing dates of the Offers without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

### 3.5 Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

Under this Offer Document, the Company offers to issue the Shortfall Shares to investors at the same price of 4.8 cents per New Share as that offered under the Entitlement Offer. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 8.

Eligible Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 6.3 for further details). Upon invitation from the Company or the Lead Manager, other investors may also apply for Shortfall Shares by completing the Shortfall Application Form.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares.

The Shortfall Shares will be allocated to Eligible Shareholders following the Closing Date and these Shortfall Shares will be issued in accordance with the Indicative Timetable and the Shortfall allocation policy detailed in section 3.6.

The remainder of the Shortfall Shares will be allocated and issued within three months after the Closing Date.

In relation to the Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

### 3.6 Shortfall allocation policy

Unless otherwise agreed between the Company and the Underwriters, if there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) to each Eligible Shareholder who has applied for Shortfall Shares through the Shortfall Offer (other than the Underwriters and the Agrifos Group);
- (b) if following the allocation in paragraph (a) there remains a Shortfall, to those investors (other than the Underwriters and the Agrifos Group) who apply for Shortfall Shares following an invitation from the Company or the Lead Manager (other than the Underwriters and the Agrifos Group);
- (c) if following the allocation in paragraphs (a) and (b) there remains a Shortfall, those unallocated Shortfall Shares will then be allocated to Tablo for up to A\$1.94 million worth of New Shares in accordance with the Tablo Underwriting Agreement; and

- (d) if following the allocations in paragraph (a), (b) and (c) there remains a Shortfall, those unallocated Shortfall Shares will then be allocated to Agrifields for up to A\$4.65 million worth of New Shares in accordance with the Agrifields Underwriting Agreement.

This shortfall allocation policy has been structured to allow Eligible Shareholders (other than the Underwriters and the Agrifos Group) and third party investors to participate in the Shortfall Offer in priority to the Underwriters being required to take up New Shares under their Underwriting Agreements to try to reduce the number of New Shares that may be issued to the Underwriters. The Underwriters will not participate in the Shortfall Offer either by way of applying for Shortfall Shares in addition to their Entitlements, or otherwise.

### **3.7 Risks of the Offers**

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the matters detailed in Section 2.4 and the risks applicable to the Company and its business detailed in Section 7, Eligible Shareholders should be aware that an investment in the New Shares offered under this Offer Document should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Offer Document in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 7), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

### **3.8 Application Forms and BPAY® Payments**

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Forms do not need to be signed to be a binding acceptance of Shares.

If an Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

A personalised Entitlement and Acceptance Form will be issued to the Eligible Shareholders together with a copy of this Offer Document.

A Shortfall Application Form will be issued to certain investors together with a copy of this Offer Document.

### **3.9 Issue and Dispatch**

All New Shares under the Offers are expected to be issued on or before the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

Shortfall Shares may be issued within three months after the Closing Date.

### **3.10 Application Monies held on trust**

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued.



### 3.11 ASX quotation

Application will be made to ASX no later than seven days after the date of this Offer Document for Official Quotation of the New Shares offered under this Offer Document. If ASX does not grant Official Quotation of the New Shares within three months after the date of this Offer Document (or such period as the ASX allows), no New Shares will be issued or allotted under the Offers and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Offer Document.

ASX takes no responsibility for the contents of this Offer Document. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares.

### 3.12 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

### 3.13 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of Shares issued under this Offer Document, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Shares issued to you under this Offer Document and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### 3.14 Foreign Shareholders

The Entitlement Offer is being extended to Shareholders whose registered address is in Australia, New Zealand, Egypt and Lebanon and Shareholders whose registered address is in United Arab Emirates, United Kingdom, Greece, United States or Panama where the Entitlement Offer falls within a security offering exception applicable to Shareholders in that jurisdiction (**Eligible Shareholders**). A Shareholder who is not an Eligible Shareholder will not be entitled to participate in the Offers (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Entitlement Offer to Ineligible Shareholders due to a small number of such Shareholders and the number and value of New Shares those Shareholders would be offered, the cost of complying with applicable regulations in those jurisdictions and the administrative burden that will place on the Company in making the Offers available to Shareholders in those jurisdictions.

**This Offer Document and accompanying Application Forms do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such Offers.**

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Entitlement Offer and for the Underwriters to underwrite the Entitlement Offer to the extent agreed, even if to do so would result in such persons acquiring a relevant interest exceeding 20% of the issued share capital of the Company (on a post Entitlement Offer basis), the Company must comply with section 615 of the Corporations Act. In order to comply with section 615 of the Corporations Act, the Company will appoint a nominee approved by ASIC (**Nominee**) to sell the Entitlements that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The Company has sought approval from ASIC to appoint Foster Stockbroking Pty Ltd as Nominee for the purposes of section 615 of the Corporations Act to sell Entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will issue to the Nominee the Entitlements that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Rights**);
- (b) the Nominee will then sell the Nominee Rights at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Rights (after deducting the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the Entitlements are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the costs of the sale of the Nominee Rights are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Rights at any particular price or the timing of such sale.

You should note that the Entitlement Offer remains subject to ASIC's approval of the Company's application to appoint the Nominee. The Company sees no reason why such approval should not be obtained, however, there is no guarantee that it will be obtained. If the approval is not obtained, the Company will either seek to appoint another nominee or the Entitlement Offer will not proceed in its current form and the Company will need to reconsider its options at that time. The Company will keep the market informed in the event that its application is not approved.

Shareholders resident in Australia, New Zealand, Egypt and Lebanon holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement 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.

### **3.15 Nominees and custodians**

Nominees and custodians may not distribute this Offer Document, and may not permit any beneficial Shareholder to participate in the Offers, in any country outside Australia, Egypt and Lebanon except, with the consent of the Company, to beneficial Shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

### **3.16 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

### **3.17 Cleansing Notice**

The Company has lodged with ASX a Cleansing Statement in accordance with section 708AA of the Corporations Act. This notice may be reviewed on the websites of the Company and ASX.

### **3.18 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **3.19 Enquiries concerning Offer Document**

Any questions in relation to this Offer Document should be directed to the Company Secretary by telephone on +61 (08) 9264 7000.

## 4. Underwriting arrangements and effect on control

### 4.1 Underwriting

The Entitlement Offer is severally and partially underwritten by Tablo and Agrifields (the **Underwriters**) pursuant to underwriting agreements between each of them and the Company (**Underwriting Agreements**) for up to A\$1.94 million and A\$4.65 million, respectively.

As at the date of this Offer Document, Tablo and Agrifields each have a Voting Power of 17.4% and 3.7% in the Company, respectively. While the Company has actively pursued other parties to underwrite the Entitlement Offer, the Company was unable to identify any other parties to underwrite the Entitlement Offer.

Tablo holds a 20% interest in the Baobab Phosphate Project and is an affiliate of Groupe Mimran, one of Senegal's largest agri-foods companies.

Agrifields is a Dubai-based fertiliser company and marketing partner of the Company.

If there are remaining Shortfall Shares due to a default under or termination of any of the Underwriting Agreements, or residual Shortfall Shares as a result of exhausting the underwriting commitments of the Underwriters, the Company reserves the right (subject to the terms of the remaining Underwriting Agreements) to proceed to allocate New Shares under the Offers (including to the Underwriters) and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

#### **Underwriting Agreements**

Pursuant to the Underwriting Agreements, the Underwriters have agreed to underwrite the Shortfall Shares remaining after the Company has determined which New Shares it will issue in accordance with the shortfall allocation policy detailed in Section 3.7 at the issue price of 4.8 cents per New Share as follows:

- (a) Tablo: up to A\$1.94 million of New Shares, in priority to Agrifields; and
- (b) Agrifields: up to A\$4.65 million of New Shares after Tablo has taken up its underwriting commitment.

The obligations of each Underwriter are subject to a number of conditions precedent, including:

- (a) the Company lodging all documents relevant to the Offers with ASX;
- (b) ASX indicating to the Company or the Underwriters that it will grant permission for quotation of the New Shares;
- (c) the Underwriter receiving shortfall notices from the Company in accordance with the Underwriting Agreement; and
- (d) the Underwriter receiving certificates from the Company in accordance with the Underwriting Agreement.

In addition, the Tablo Underwriting Agreement is also subject to the following conditions precedent:

- (e) no material adverse change in respect of the Company or its subsidiaries which would be reasonably expected to have a material adverse effect on any of the following:
  - (i) its ability to perform any of its obligations under the Tablo Underwriting Agreement; or

- (ii) its business operation, property, condition (finance or otherwise) or prospects taken as a whole,

other than in respect of:

- (iii) any accounting write down the Company's carrying value of its assets;
  - (iv) matters disclosed to the ASX prior to the date of the Tablo Underwriting Agreement;
  - (v) matters disclosed to, or known by, the Underwriter or its officers, representatives or agents on or before the date of the Tablo Underwriting Agreement; and
- (f) no event of default, or event or circumstance which could (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of them) be an event of default, is continuing.

The Underwriters are obliged to subscribe for the underwritten New Shares within 2 Business Days of the Underwriter Shortfall Notification Date as set out in the Indicative Timetable.

In consideration for Tablo's early commitment to underwrite the Entitlement Offer, the Company will pay Tablo an underwriting fee of A\$97,000, being 5% of its full underwriting commitment. This is in addition to the 5% fee of A\$113,000 payable to Tablo in consideration for its early commitment to subscribe for its full Entitlement under the Entitlement Offer.

In consideration for Agrifields' underwriting commitment, Agrifields will be entitled to nominate an independent director to the Board, following the completion of the Entitlement Offer.

Each Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered customary for agreements of this type.

Each Underwriter may terminate its obligations under its Underwriting Agreement if any one or more of the events described in Schedule 1 occurs at any time prior to the Closing Date.

If one of the Underwriters terminates their Underwriting Agreement (the **Terminating Underwriter**), the remaining Underwriter has the option (but not the obligation) to assume the obligation of the Terminating Underwriter by providing notice in writing to the Company.

In addition, in the event the amount actually underwritten by Agrifields is less than A\$2million and the Company decides to proceed with the Placement Offer, Agrifields will subscribe for Placement Shares equal to the difference between A\$2 million and the amount actually underwritten by Agrifields.

## 4.2 Dilution and effect on the control of the Company

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are detailed in the table below:

Shareholder	Shareholding as at Record Date	% at Record Date	Entitlements under the Entitlement Offer	Shareholdings if Entitlement Offer not taken up	% post Entitlement Offer <sup>(1)</sup>
Shareholder 1	1,000,000	0.2%	450,000	1,000,000	0.1%
Shareholder 2	5,000,000	0.8%	2,250,000	5,000,000	0.6%
Shareholder 3	10,000,000	1.7%	4,500,000	10,000,000	1.2%
Shareholder 4	30,000,000	5.0%	13,500,000	30,000,000	3.6%

Shareholder 5	60,000,000	10.0%	27,000,000	60,000,000	7.1%
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**Notes:**

- (1) The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or taken up by the Underwriters. If all Entitlements are not accepted and some or the entire resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

As at the date of this Offer Document, the Company has the following substantial Shareholders:

Substantial Shareholder	Number of Shares	Voting Power (%)
Agrifos Group <sup>(1)</sup>	148,861,475	24.7%
Tablo	104,750,000	17.4%
JP Morgan <sup>(2)</sup>	30,720,875	5.1%

**Notes:**

- (1) The Agrifos Group consists of Baobab Partners LLC and Vulcan Phosphates LLC who are the registered holders of 134,861,476 Shares and 14,000,000 Shares, respectively.
- (2) JP Morgan lodged a substantial shareholder notice on 7 March 2016 advising that they hold 30,509,148 Shares (5.82% shareholding interest in the Company). JP Morgan are not required to lodge an updated substantial shareholder notice as their percentage shareholding has not changed by more than 1% but the above figures have been restated to allow for changes in JPMorgan's shareholding interest since that date.

Tablo and Agrifields have each agreed to subscribe for their full Entitlement. The Agrifos Group has agreed to subscribe for its entitlements under the Entitlement Offer up to A\$2.8 million (provided the US\$ equivalent does not exceed US\$2.24 million). In addition, Tablo and Agrifields have also agreed to severally and partially underwrite the Entitlement Offer for up to A\$1.94 million and A\$4.65 million, respectively.

The following tables show the number of Shares held by, and approximate voting power of, the substantial Shareholders and Underwriters after completion of the Entitlement Offer and Placement Offer, assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders apply for additional Shares under the Shortfall Offer.

(a) **Entitlement Offer is fully subscribed (no Shortfall)**

Shareholder	Date of Offer Document		Entitlement Offer is fully subscribed		Entitlement Offer is fully subscribed and Placement Offer is conducted	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Agrifos	148,861,475	24.7%	215,849,139	24.7%	215,849,139	23.6%
Tablo	104,750,000	17.4%	151,887,500	17.4%	151,887,500	16.6%
Agrifields	22,512,506	3.7%	32,643,134	3.7%	74,309,800	8.1%
JP Morgan	30,720,875	5.1%	44,545,269	5.1%	44,545,269	4.9%
Others	294,768,517	49.0%	427,414,350	49.0%	427,414,350	46.8%
<b>Total</b>	<b>601,613,373</b>	<b>100.0%</b>	<b>872,339,391</b>	<b>100.0%</b>	<b>914,006,058</b>	<b>100.0%</b>

(b) **Entitlement Offer is not fully subscribed (various levels of Shortfall)<sup>(1)(2)</sup>**

Shareholder	75% acceptance of Entitlements		50% acceptance of Entitlements		25% acceptance of Entitlements		0% acceptance of Entitlements	
	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)	Number of Shares	Voting Power (%)
Agrifos Group	207,194,808	22.8%	207,194,808	23.7%	207,194,808	23.8%	207,194,808	24.1%
Tablo	192,250,000	21.1%	192,250,000	22.0%	192,250,000	22.0%	192,250,000	22.4%
Agrifields	74,309,800	8.2%	74,309,800	8.5%	107,599,450	12.3%	129,518,134	15.1%
JP Morgan <sup>(5)</sup>	41,089,170	4.5%	37,633,072	4.3%	34,176,973	3.9%	30,720,875	3.6%

**Notes:**

1. In calculating the potential outcomes above, the Company has assumed that approximately 7,371,068 Shares (approximately 1.22% of the total Shares on issue at the date of this Offer Document) are held by Ineligible Shareholders. These Entitlements will be sold by the Nominee and therefore any New Shares the subject of those entitlements are excluded from any Shortfall that the Underwriters may be required to underwrite. The actual number of Shares held by Ineligible Shareholders may vary at the Record Date.
2. The above outcomes are based on Tablo, Agrifields and Mrs Vineeta Gupta subscribing for their full Entitlement, and assumes Agrifos only subscribes up to its currently committed subscription amount of A\$2.8 million, except for the scenarios where the Entitlement Offer is fully subscribed, in which case it is assumed Agrifos subscribes for its full Entitlement.
3. The above outcomes assume that all Placement Shares under the Placement Offer will be subscribed by Agrifields. The number of Placement Shares subscribed by Agrifields will depend on the amount of the Entitlement Offer underwritten by Agrifields (refer to Section 4.1 of the Offer Document) and whether other investors subscribe for Placement Shares under the Placement Offer.
4. If there is 0% acceptances of Entitlements, Tablo and Agrifields will be required to underwrite up to their full underwriting commitment. The combined underwriting commitments of Tablo and Agrifields is not sufficient to fully underwrite the Entitlement Offer. Accordingly, a residual shortfall of approximately 13.6 million New Shares will not be issued.
5. JP Morgan is being treated the same as all other Shareholders, i.e that they will be diluted in accordance with taking up 75%/50%/25%/0% of their entitlement.

If Eligible Shareholders and investors (other than the Underwriters) take up Shortfall Shares under the Shortfall Offer, the proportion of New Shares that the Underwriters will hold will decrease by the proportion of Shortfall Shares applied for under the Shortfall Offer.

The information above assumes that none of the substantial Shareholders acquire or dispose of a relevant interest in any Shares after the date of this Offer Document but before the Record Date, except as otherwise provided for in this Offer Document.

(c) **Effect on control**

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's Voting Power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%).

There are certain exceptions to the above prohibition in section 611 of the corporations Act. Item 10 of section 611 of the Corporations Act (**Rights Issue Exception**) provides an exception for an acquisition pursuant to a rights issue if the following conditions are satisfied:

- (i) the company offers to issue securities to every person who holds securities on a pro-rata basis;
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them;
- (iii) agreements to issue are not entered into until the closing date of the offer; and
- (iv) the terms of all offers are the same.

The Rights Issue Exception extends to any underwriters of a rights issue or any sub-underwriters. If the Rights Issue Exception is to be relied upon then section 615 of the Corporations Act (regarding the appointment of a nominee for the sale of foreign shareholders' rights) must be complied with, which includes a requirement for ASIC to approve the nominee.

The table above indicates that the underwriting of the Offers by the Underwriters will likely result in Tablo increasing its Voting Power to more than 20% of the issued share capital of the Company. The Rights Issue Exception is being relied on in the present circumstances and accordingly, the Company has appointed a nominee pursuant to section 615 of the Corporations Act. Refer to Section 3.15 for further details.

Due to the timing the issue of New Shares under the Entitlement Offer and Shortfall Offer, the Agrifos Group will be relying on the Rights Issue Exception to increase its Voting Power for a brief period of time. The overall effect of the Offers will result in the Agrifos Group reducing its Voting Power as indicated in the tables above.

(d) **Consequences**

Following the Offers, the Agrifos Group, Agrifields and Tablo may increase their Voting Power in the Company as detailed in Section 4.2. This would result in a greater percentage of the Company's Shares being concentrated in 3 shareholding groups which may:

- (i) dissuade potential acquirers of the Company from making a takeover offer in the future which may adversely affect the Company's share price and reduce the opportunity for Shareholders to receive a takeover premium in the future; and
- (i) lower the free float of the Company's shares (on a proportional basis), which may reduce liquidity and adversely affect the market value of the Shares.



## 5. Effect of the Offers

### 5.1 Capital structure on completion of the Offers

On the basis that the Company completes the Offers, the Company's capital structure will be as follows:

	Number of Shares	Number of Options	Number of Performance Rights
<b>Balance as at the date of this Offer Document</b>	601,613,373	88,075,000 <sup>1</sup>	2,512,500
<b>Entitlement Offer</b>	270,726,018 <sup>2</sup>	-	-
<b>Placement Offer</b>	41,666,667	-	-
<b>TOTAL</b>	<b>914,006,058</b>	<b>88,075,000</b>	<b>2,512,500</b>

**Notes:**

- (1) Comprised of 2,075,000 unlisted options with an exercise price of \$0.10 expiring on 30 June 2018, 3,000,000 unlisted options with an exercise price of \$0.15 expiring on 30 June 2018, 3,000,000 unlisted options with an exercise price of \$0.25 expiring on 30 June 2018 and 80,000,000 unlisted options with an exercise price of \$0.25 expiring on 24 September 2019.
- (2) The New Shares issued under the Entitlement Offer will represent approximately 29.61% of the enlarged issued share capital of the Company following the Entitlement Offer and the Placement Offer.

### 5.2 Pro-forma statement of financial position

Set out on the following pages are the Company's Consolidated Statement of Financial Position as at 30 June 2017 (audited) and the Company's Pro-Forma Consolidated Statement of Financial Position as at 30 June 2017 (unaudited) (**Statements**).

The Statements are presented in abbreviated form insofar as they do not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting policies that underpin the Statements are the same policies as those outlined in the Company's Annual Report for the year ended 30 June 2017.

The Pro-Forma Statement of Financial Position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2017 and the completion of the Offers except for:

- at full subscription of the Entitlement Offer, the issue of 270,726,018 New Shares at 4.8 cents each (subject to rounding and assuming that no Options or performance rights are exercised before the Record Date) to raise up to \$13 million (before associated costs);
- if the Company proceeds with the Placement Offer, the issue of 41,666,667 Placement Shares at 4.8 cents each to raise up to A\$2 million (before associated costs);
- estimated costs and fees of the Offers of \$749,000; and
- drawdown of remaining, and repayment of the, Shareholder Bridge Loans.

The accounting policies adopted in the preparation of the pro forma balance are consistent with the accounting policies adopted and described in the Company's Financial Report for the year ended 30 June 2017 and should be read in conjunction with that Financial Report.

No allowance has been made for expenditure incurred in the normal course of business from the date of this Offer Document to the Closing Date.

**PRO-FORMA CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION AS AT 30 June 2017**

	30 June 2017 (audited)	Notes	Pro-forma Adjustments		Pro-forma Statement of Financial Position (Unaudited)	
			(Excluding Placement Offer)	(Including Placement Offer)	(Excluding Placement Offer)	(Including Placement Offer)
	\$		\$	\$	\$	\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	2,946,100	1, 3,4 and 5	5,893,190	7,230,690	8,839,290	10,176,790
Trade and Other receivables	1,205,601		-	-	1,205,601	1,205,601
Inventories	3,456,258		-	-	3,456,258	3,456,258
<b>TOTAL CURRENT ASSETS</b>	<b>7,607,959</b>		<b>5,893,190</b>	<b>7,230,690</b>	<b>13,501,149</b>	<b>14,838,649</b>
<b>NON-CURRENT ASSETS</b>						
Trade and other receivables	1,481,600		-	-	1,481,600	1,481,600
Available-for-sale financial assets	31,239		-	-	31,239	31,239
Plant and equipment	1,339,077		-	-	1,339,077	1,339,077
Capitalised exploration and evaluation expenditure	8,722,989		-	-	8,722,989	8,722,989
Capitalised mine development expenditure	47,579,578		-	-	47,579,578	47,579,578
Intangibles	84,152		-	-	84,152	84,152
<b>TOTAL NON-CURRENT ASSETS</b>	<b>59,238,635</b>		<b>-</b>	<b>-</b>	<b>59,238,635</b>	<b>59,238,635</b>
<b>TOTAL ASSETS</b>	<b>66,846,594</b>		<b>5,893,190</b>	<b>7,230,690</b>	<b>72,739,784</b>	<b>74,077,284</b>
<b>CURRENT LIABILITIES</b>						
Trade and other payables	4,726,426		-	-	4,726,426	4,726,426
Provisions	186,404		-	-	186,404	186,404
Loans and borrowings	1,987,997	1, 2 and 5	(1,304,703)	(1,304,703)	683,294	683,294
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,900,827</b>		<b>(1,304,703)</b>	<b>(1,304,703)</b>	<b>5,596,124</b>	<b>5,596,124</b>
<b>NON-CURRENT LIABILITIES</b>						
Provisions	2,430,202		-	-	2,430,202	2,430,202
Loans and borrowings	6,516,600		-	-	6,516,600	6,516,600
Deferred tax liabilities	4,413,080		-	-	4,413,080	4,413,080
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>13,359,882</b>		<b>-</b>	<b>-</b>	<b>13,359,882</b>	<b>13,359,882</b>
<b>TOTAL LIABILITIES</b>	<b>20,260,709</b>		<b>(1,304,703)</b>	<b>(1,304,703)</b>	<b>18,956,006</b>	<b>18,956,006</b>
<b>NET ASSETS</b>	<b>46,585,885</b>		<b>7,197,893</b>	<b>8,535,393</b>	<b>53,783,778</b>	<b>55,121,278</b>
<b>EQUITY</b>						
Issued capital	125,037,889	4	12,251,100	14,131,100	137,288,989	139,168,989
Reserves	25,147,663		-	-	25,147,663	25,147,663
Accumulated losses	(108,657,005)	2 and 3	(5,053,207)	(5,053,207)	(113,710,212)	(113,710,212)

Capital and reserves attributable to members of the Company	41,528,547	7,197,893	8,535,393	48,726,440	50,063,940
Non-controlling interest	5,057,338	-	-	5,057,338	5,057,338
<b>TOTAL EQUITY</b>	<b>46,585,885</b>	<b>7,197,893</b>	<b>8,535,393</b>	<b>53,783,778</b>	<b>55,121,278</b>

**Notes:**

1. Includes the drawdown of A\$4.97 million (US\$3.90 million) of the remaining Shareholder Bridge Loans since 30 June 2017 up to the total facility amount of US\$4.90 million. A\$1.30 million (US1.00 million) of the Shareholder Bridge Loans was drawn down prior to 30 June 2017.
2. Includes the accrued interest on the Shareholder Bridge Loans at 6.00% of A\$0.09 million.
3. Includes expenditure incurred from the cash received on the drawdown of Shareholder Bridge Loans in Note 1 above
4. Includes the Entitlement Offer proceeds of A\$13.00 million less Underwriting and Broker fees and the costs of the offer in Section 9.6.
5. Includes repayment of Shareholder Bridge Loans of A\$6.36 million including interest.

## **6. Action required by Entitlement Offer and Shortfall Offer Applicants**

### **6.1 What Eligible Shareholders may do**

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept all of their Entitlement (refer to Section 6.2);
- (b) accept all of their Entitlement and apply for Shortfall Shares (refer to Section 6.3);
- (c) sell all of their Entitlement on ASX (refer to Section 6.4);
- (d) accept a proportion of their Entitlement and sell the balance on ASX (refer to Section 6.5);
- (e) accept a proportion of their Entitlement and allow the balance to lapse (refer to Section 6.6);
- (f) sell all or a proportion of their Entitlement other than on ASX (refer to Section 6.7); or
- (g) not take up their Entitlement (refer to Section 6.8).

If you are an Eligible Shareholder and wish to accept all or part of your Entitlement:

- (a) carefully read this Offer Document in its entirety;
- (b) consider the risks associated with an investment in the Company (refer to Section 7) in light of your personal circumstances;
- (c) complete the relevant personalised Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed in the accompanying Entitlement and Acceptance Form; and
- (d) return the completed Entitlement and Acceptance Form together with the Application Monies (in full) in accordance with Section 6.10, so that it is received at the following address by no later than 5.00pm (Sydney time) on the Closing Date:

Avenira Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne, Victoria 3001, Australia

### **6.2 Acceptance of ALL of your Entitlement under the Entitlement Offer**

If you wish to accept all of your Entitlement, then applications for New Shares must be made on the accompanying Entitlement and Acceptance Form in accordance with the instructions in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 6.10, to the Share Registry so that it is received at the address listed in Section 6.1 by no later than 5.00pm (Sydney time) on the Closing Date.

### **6.3 Acceptance of ALL of your Entitlement and applying for Shortfall Shares**

If you wish to accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, then applications for Shortfall Shares must be made by completing the relevant sections in the Entitlement and Acceptance Form, in accordance with the instructions in the Offer Document and on the accompanying Entitlement and Acceptance Form. There is no limit to the amount of New Shares you may subscribe for under the Shortfall Offer. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 6.10, to the Share Registry so that it is received at the address listed in Section 6.1 by no later than 5.00pm (Sydney time) on the Closing Date.

### **6.4 Selling ALL of your Entitlement on ASX**

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's Entitlement may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement which you wish to sell on ASX. You may incur brokerage costs if you sell your Entitlements on ASX. Trading of Entitlements will commence on ASX on 26 October 2017 and will cease on 15 November 2017.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

This Offer Document, along with your Entitlement and Acceptance Form, will be dispatched on 1 November 2017. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlements before the Entitlements are allotted, or before you receive your Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by the Company or otherwise.

### **6.5 Acceptance of PART of your Entitlement and selling the balance on ASX**

Should you wish to only take up part of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full), in accordance with Section 6.10, to the Share Registry so that it is received at the address listed in Section 6.1 by no later than 5.00pm (Sydney time) on the Closing Date.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

### **6.6 Acceptance of PART of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the personalised Entitlement and Application Form in accordance with the instructions referred to in this Offer Document and the instructions detailed on the form, including the number of New Shares you wish to accept and the Application Monies (calculated at 4.8 cents per New Share accepted). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (calculated at 4.8 cents per New Share accepted), in accordance with Section 6.10, to the Share Registry so that it is received at the address listed in Section 6.1 by no later than 5.00pm (Sydney time) on the Closing Date.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

## **6.7 Selling all or a proportion of your Entitlement other than on ASX**

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder were they a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the Issuer Sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person, other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) accompanied by the applicable transferee's cheque for the New Shares they wish to subscribe for in Australian dollars, crossed "Not Negotiable" and made payable to "Avenira Limited" and lodged at any time after the Opening Date and no later than 5.00pm (Sydney time) on 15 November 2017 at the Share Registry (by post) at the address listed in Section 6.1.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf.

If the Company receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same Entitlement, the renunciation will be given effect in priority.

The Application Monies for New Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Avenira Limited" and lodged at any time after the Opening Date and no later than 5.00pm (Sydney time) on the Closing Date at the Share Registry (by post) at the address listed in Section 6.1.

## **6.8 Entitlement not taken up**

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Entitlement Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

## **6.9 Entitlement acquired on ASX**

A transferee who acquires an Entitlement on ASX will not receive an Offer Document or an Entitlement and Acceptance Form. The process in place for the transferee to exercise an Entitlement acquired on ASX is governed by the arrangements in place between the transferee and their stockbroker, and may vary between stockbrokers. The transferee should contact their stockbroker for instructions as to the most appropriate way participate in the Offers and to take up their Entitlement.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to transferees who acquire Entitlements and fail to take up all or a proportion of that Entitlement.

## **6.10 Payment**

The offer price of New Shares under the Entitlement Offer or Shortfall Offer is 4.8 cents per New Share.

For Eligible Shareholders participating in the Entitlement Offer, Application Monies must be received by the Company by 5.00pm (Sydney time) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Avenir Limited' and crossed 'Not Negotiable'.

Eligible Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must following the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement and subscribed for Shortfall Shares (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® detailed in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

## **6.11 Representations by Applicants**

By completing and returning an Application Form or paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and the Application Form, you:

- (a) if participating in the Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and an accompanying Application Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Form or paid for by BPAY® at the issue price of 4.8 cents per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) if participating in the Entitlement Offer, declare that you were the registered holder at 5.00pm (Sydney time) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5.00pm (Sydney time) on the Record Date;
- (k) acknowledge the statement of risks in Section 7 and that an investment in the Company is subject to risk;

- (l) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Entitlement Offer, that you are eligible to do so; and
- (m) if you are in the United States, you certify that you:
  - (i) are an "accredited investor" (as defined in Rule 501(a) under the U.S. Securities Act of 1933) and are acquiring the New Shares for your own account with the present intention of holding the New Shares for the purpose of investment and not with the intention of selling the New Shares in a public distribution in violation of the U.S. federal securities laws or any applicable state securities laws;
  - (ii) understand that:
    - (A) no U.S. federal or state securities commission has recommended nor considered the merits of any investment in the New Shares;
    - (B) the New Shares have not been registered under the Securities Act or the securities laws of any state; and
    - (C) the New Shares cannot be transferred or resold unless they are (i) registered under the Securities Act; (ii) sold or transferred in a transaction exempt from registration under the Securities Act and applicable state securities laws; or (iii) sold outside the United States in compliance with Regulation S under the Securities Act, including in regular way transactions on the ASX if neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with a person in the United States;
  - (iii) confirm that you:
    - (A) are knowledgeable in relation to the business of the Company and capable of evaluating the merits and risks of its investment in the New Shares, including income tax consequences of acquiring, owning and disposing of the Shares;
    - (B) have been afforded access to information about the New Shares, the Company's financial condition, results of operations, business, property, management and prospects sufficient to enable it to invest in the Shares (including reviewing any offer document prepared by the Company and documents it has filed with ASX);
    - (C) understands that the purchase of the New Shares involves substantial risks; and
    - (D) are able to bear the economic risk of its investment in the New Shares;
  - (iv) agree not to forward any offer document prepared by the Company to any person; and
  - (v) understands that the New Shares will constitute "restricted securities" (within the meaning of Rule 144 under the Securities Act) and, for so long as they remain restricted securities, such New Shares may not be deposited in any unrestricted American Depositary Receipt facility of the Company.

## 6.12 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.



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### **6.13 Enquiries concerning your Entitlement**

If you have any questions in relation to your Entitlement under the Entitlement Offer, please contact the Company Secretary by telephone on +61 8 9264 7000.

## 7. Risks

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company, the Group or by Shareholders. The proposed future activities of the Group are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Group or the Directors and cannot be mitigated.

### 7.1 Risks specific to the Group, the Entitlement Offer and the Shortfall Offer

The current and future operations of the Group, including exploration, appraisal and production activities, may be affected by a range of factors, including:

#### (a) Future Capital Requirements

The Directors believe that upon the successful completion of the Entitlement Offer, the Group will have sufficient funds to adequately meet the Group's commitments to repay monies drawn down under the Shareholder Bridge Loans and to satisfy short term working capital requirements. However, the development of the Baobab Phosphate Project and implementation of the Strategic Plan will require substantial additional financing in the future. While the upfront capital expenditure required to implement the first major step of the Strategic Plan is estimated to be approximately US\$53.4 million (to  $\pm 30\%$  accuracy), with the Company's 80% share estimated at US\$42.7 million, these are estimated figures only and there is no guarantee that that actual required capital cost will not change at the time of implementing the Strategic Plan.

No assurances can be given that the Group will be able to raise the additional funding that will be required for such activities which may be a combination of debt and/or equity financing. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be potentially dilutive to Shareholders depending on their participation in any equity raising. Debt financing, if available, may involve certain restrictions on operating activities or other financings. The Company cannot assure Shareholders that it will be able to raise the required equity or debt financing required to meet working capital requirements.

The Group's ability to raise further equity or debt, and the terms of such transactions, will vary according to a number of factors, including the operational and exploration results of the Company's projects, stock market conditions, the overall risk appetite of investors and the commodity price, along with access to credit markets and other funding sources.

In addition to or as part of the funding required to complete the Strategic Plan, the Company will be required to raise further funds in the second half of the 2018 Financial Year to fund its ongoing operations.

An inability to obtain the required additional finance would have a material adverse effect on the Company's business and its financial condition and performance.

#### (b) Risks associated with Technical Studies

The Group is currently undertaking further technical studies to evaluate potential mining options and on-site processing for the Baobab Phosphate Project. Subject to the results of the further technical studies, the Group intends to progress towards expansion and

upgrade of the Baobab Phosphate Project. The Company cannot guarantee that the further technical studies undertaken in relation to the technical and economic viability of any aspects of its projects will produce positive findings or be completed at all. Further, the results of technical studies do not provide any guarantees that the conclusions from these studies will be realised.

(c) **Termination by Underwriter and terms of underwriting**

The Underwriting Agreements include various termination events (refer to Schedule 1) upon the occurrence of which Tablo and Agrifields may elect, in their discretion, to terminate their respective underwriting arrangements.

In the event that the Underwriting Agreements are terminated:

- (i) the Offer will not be underwritten and may not raise the full amount intended;
- (ii) the Directors may determine not to proceed with the Offers; and/or
- (iii) the Company may have insufficient funds to complete all of the expenditure set out in Section 2.4.

For further details of the Underwriting Agreements refer to Section 4.1.

(d) **New Application Risks and Regulatory Risks**

Operations by the Group may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Group. While the Company has no reason to believe that all requisite approvals will not be forthcoming, Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained.

The Group currently holds a small mine permit (**SMP**) for the Baobab Phosphate Project and has filed an application for a large mine permit (**LMP**) which is expected to be approved before the end of Q1 2018. However, there is a risk that the Senegal government will reject the application.

If the LMP is not approved, the Group is able to continue its current mining operations, however, the life of the mine will be limited to the resources available under the SMP. There is a risk that if the LMP is not granted and the Group is unable to expand the resources available and extend the life of the Baobab Phosphate Project, the Group may not be successful in attracting future financing or fundraising for the expansion and scale up of the Baobab Phosphate Project, as this funding is likely to be predicated on the Group expanding the Baobab Phosphate Project within the LMP area and thereby extending the overall life of the mine.

The regulatory environment for the Group's operations could change in ways that could substantially increase the Group's liabilities, tax liability or costs of compliance. This could materially and adversely affect the Group's financial position.

(e) **Ability to Attract Key Personnel**

The Group's success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified and experienced staff is strong. The inability to access and train the services of a sufficient number of qualified and experienced staff could be disruptive to the Group's development efforts or business development and could materially adversely affect its operating results.

(f) **Development Risks**

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine. The project development schedules are also dependent on obtaining the government approvals necessary for the operation of a mine. Substantial expenditures are required to build mining and processing facilities for new properties. The timeline to obtain these government approvals is often beyond the Group's control. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

(g) **Contract Risks**

The Company's subsidiaries may operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to the time and quality of work performed. Any disruption to services of supply may have an adverse effect on the financial performance of the Group's operations.

(h) **Equipment Risks**

The operations of the Group could be adversely affected if essential equipment fails.

(i) **Litigation**

The Group may have disputes with counterparties in respect of major contracts, or may be exposed to customer, environmental, occupational health and safety or other claims. The Group may incur costs in defending or making payments to settle any such claims, which may not be adequately covered by insurance, or at all. Such payments may have any adverse impact on the Group's financial position.

Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

(j) **Foreign Operations and Sovereign Risks**

The Group's operations in Senegal, or any other country in which the Group may in the future have an economic interest, are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licences, permits and contracts, changes in taxation policies, restriction on foreign exchange, changing political conditions, currency controls and governmental regulations.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Group's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Group's operations.

(k) **Improved Hard Process Technology**

JDC Phosphate is developing an “Improved Hard Process” technology (IHP) for superphosphoric acid production that has the potential to provide a number of advantages across the value chain relative to existing technology. The Group has the exclusive right to use this technology in Senegal and Australia.

The IHP technology is an essential requirement for the Wonarah Project in the Northern Territory. There is a risk that the technology may never be commercialized which would mean the Wonarah Project remains commercially unviable.

The Baobab Phosphate Project is economically viable without the IHP technology, however, the IHP technology would likely benefit the Baobab Phosphate Project as well, if such IHP technology was to be commercialised.

(l) **Bargny-Sendou Port**

The Group currently utilises the Port of Dakar for its shipments. At present the Port of Dakar has sufficient capacity for the Group.

If the Group successfully expands and scales up the Baobab Phosphate Project then the Port of Dakar may not have sufficient capacity for the Group. This would result in the Group not being able to export its product which would materially and adversely affect the Group's financial position.

The Senegal Minergy Port is a Senegalese special purpose vehicle set up to undertake the design, building and operation of a multi-commodity dry and liquid bulk port in Bargny-Sendou, Senegal. The Bargny-Sendou port is projected to have sufficient capacity to support the expansion and scale up of the Baobab Phosphate Project.

There is a risk that the Senegal Minergy Port construction schedule could be delayed, or that the handling fees prove to be higher than reasonably projected, which could materially and adversely affect the Group's financial position.

(m) **Commercialisation of discoveries**

It may not always be possible for the Group to participate in the exploitation of any successful discoveries, which may be made in any projects in which the Group has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Group.

## 7.2 Industry Risks

(a) **Phosphate Industry Risks**

The Group intends to derive its revenue from the extraction and sale of phosphate rock from the Baobab Phosphate Project. The Group is considered a new-entrant to the phosphate rock market, where a new supplier discount may initially be applied to the phosphate rock products sold from the Baobab Phosphate Project. Once the Group has established itself as a well-regarded, reliable supplier, the Group may be in a position to negotiate future off-take agreements on more favourable terms, without applying a discount.

The price which the Group may receive for its phosphate rock products depends on numerous factors that are beyond the Group's control and are inherently unpredictable, including general global economic conditions, currency exchange rates, increases of supply by competitors, shipping costs, alternative product development, changes in the

regulatory environment and in particular to heavy metals legislation in some jurisdictions, and changes in the demand for phosphate rock. The viability of the Baobab Phosphate Project is dependent upon the Group entering into off-take agreements with customers on acceptable terms and there is a risk that acceptable off-take arrangements may not eventuate.

The Group's additional growth opportunities into downstream or other fertiliser markets are also exposed to similar risks. The price which the Group may receive for the downstream or other fertiliser products which it hopes to produce depends on numerous factors that are beyond the Group's control and are inherently unpredictable, including general global economic conditions, currency exchange rates, increases of supply by competitors, shipping costs, alternative product development, changes in the regulatory environment and in particular to heavy metals legislation in some jurisdictions, and changes in the demand for downstream or other fertiliser products. Therefore, the Group may not be able to achieve an acceptable price for the downstream products which it hopes to produce, or be able to enter into viable off-take agreements for its anticipated downstream and other fertiliser production. New supplier discounts may also be applied initially to such production.

(b) **Exploration and Development Risks**

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective grounds, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests owned by the Group, or any other projects that may be acquired in the future can be profitably exploited.

(c) **Operational Risks**

The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Group, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, adverse soil conditions, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Group.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Group currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Group will be able to obtain coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(d) **Mining Rights**

Acquisition and retention of mining rights in Senegal and Australia is a detailed and time-consuming process. A wide range of factors and principles must be taken into account by the mining authority when considering applications for mining rights and there can be no assurance that the Group will be successful in its applications for mining licences.

(e) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice.

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

Reserve estimates, including the economic recovery of phosphate, will require us to make assumptions about recovery costs and market prices. Reserve estimation is, by its nature, an imprecise and subjective process and the accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation, judgement and experience. The economic feasibility of properties will be based upon the Group's estimates of the size and grade of ore reserves, metallurgical recoveries, production rates, capital and operating costs, ability to achieve target commercial specifications, and the future price of phosphate rock. If such estimates are incorrect or vary substantially it could affect the Group's ability to develop an economical mine and would reduce the value of your investment.

(f) **Payment obligations**

Under the licences and certain other contractual agreements to which the Group is or may in the future become party, the Group's projects are, or may become, subject to payment and other obligations. Failure to meet these payments and obligations may render the Group's projects liable to cancellation.

(g) **Commodity Price Volatility and Exchange Rate Risks**

If the Group achieves success leading to downstream mineral and other fertiliser production, the revenue it will derive through the sale of one or more of nitro phosphates, DAP/MAP, TSP, SSP, NPK, urea, ammonium nitrate and other fertiliser commodities exposes the potential income of the Group to such commodity's prices and to exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand fluctuations for industrial minerals and fertilisers, technological advancements, forward selling activities and other macro-economic factors.

(h) **Title**

The Group's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate tenements, which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Group being successful in obtaining required statutory approvals for its proposed activities and that the tenements, licences, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(i) **Production Risks**

There are inherent risks and uncertainties associated with developing a mine through to full production, including those which arise out of dealings with counterparties (including joint venture partners, mineral processors and financiers) and government agencies, and those which are beyond the control of the mine developer, including adverse weather conditions and interruptions in supply chains or transport routes. During the development period the anticipated economic feasibility of the mine may deteriorate owing to cyclical or sustained changes in, amongst other things, commodity prices, funding costs or cost inflation associated with capital expenditure. Although it is the Company's plan to concentrate on the Baobab Phosphate Project, there is no guarantee that the project will achieve full production within the time period or time periods contemplated by the Company, in a longer time period, or at all.

(j) **Competition**

The markets for the phosphate mined or contemplated to be mined by the Company, are intensely competitive and the Company faces competition from other miners. Competition in these markets is based on many factors, including, among others, price, production, capacity, quality, transportation capabilities and costs, blending capability, ability to bundle offerings, pricing power, and brand name. Some of the Company's competitors may have greater production capacity as well as greater financial, marketing, distribution and other resources, and may benefit from more established brand names in the international market.

The phosphate industry is also characterised by technological advancements and the introduction of new production process using new technologies. Some of the Company's competitors may develop new technologies and processing methods that are more effective or less costly than those currently used or intended to be used by the Company.

Competitive activities in the markets served by the Company could have a significant impact on the prices realised for its products and can therefore have a material adverse effect on its results of operations and financial condition. The Company's future success will depend on its ability to respond in an effective and timely manner to competitive pressure.

(k) **Environmental and other regulatory requirements**

All exploration projects and mining operations have an impact on the environment. The Company endeavours to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, as with all exploration and mining activities, the Group's operations are expected to have an impact on the environment. There are also risks inherent in the Group's activities including accidental leakages, spills or other unforeseen circumstances that could subject the Group to extensive liability and impact upon the financial viability of the Group.

Further, the Group may require approval from relevant regulatory authorities before undertaking activities that are likely to impact the environment. If the Group fails to obtain these approvals it will be prevented from undertaking those activities. The Company cannot predict what further legislation and regulations may govern mining in the future, and may impose significant environmental obligations on the Group which may lead to increased costs to the Group.

### 7.3 **General risks**

(a) **General Economic Climate Risk**

Factors such as inflation, commodity prices, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs and on phosphate prices. The Group's future income, asset values and share price can be affected by these factors and, in particular, by the market price for the products that the Group may produce and sell.

(b) **Stock Market Conditions Risks**

The market price of the Company's Shares will be influenced by international and domestic factors affecting conditions in equity and financial markets regardless of the Company's operating performance. These factors may affect the prices for the securities of minerals production and exploration companies quoted on the ASX, including the Company.



The stock market has in the past, and may in the future, be affected by matters including:

- (i) commodity prices;
- (ii) market confidence generally or change in sentiment towards particular sectors;
- (iii) the general economic outlook domestically and globally;
- (iv) supply and demand for money; and
- (v) currency exchange rates, interest rates and inflation rates.

(c) **Regulation Risk**

Any material adverse changes in government policies or legislation to such matters as access to lands and infrastructure, compliance with environmental legislation and taxation and royalties, may affect the viability and profitability of the Group's projects.

#### **7.4 Investment Highly Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company, or the Group, 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 Group and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New 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 New Shares pursuant to this Offer Document.

## **8. Rights attaching to New Shares**

A summary of the rights attaching to Shares is set out below. The New Shares issued under this Offer Document will rank pari passu in all respects with existing Shares. This summary is qualified by the full terms of the Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Offer Document. 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.

### **8.1 General meetings**

Directors may call a meeting of Shareholders whenever they think fit. Members may call a meeting as provided by the Corporations Act. All Shareholders are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 3 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

### **8.2 Voting**

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

### **8.3 Dividends**

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may before declaring any dividend set aside reserves out of the profits of the Company which at the Directors' discretion may be used in the business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

### **8.4 Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, 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 the liquidator considers fair on 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 sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on 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.

## **8.5 Transfer of shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

## **8.6 Issue of further Shares**

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further Shares with or without preferential rights on such terms and conditions as they see fit.

## **8.7 Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is 3 and the maximum is 10. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed director must be received at the Company's registered office not later than 15 Business Days before the meeting.

## **8.8 Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors. Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

## **8.9 Variation of shares and rights attaching to shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

## **8.10 Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

### **8.11 Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors), auditor or agent of the Company against liabilities incurred by the officer, auditor or agent in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company, provided that the liability does not arise out of conduct involving a wilful breach of duty.

### **8.12 Changes to the constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

### **8.13 Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

### **8.14 Dividend policy**

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 9. Additional information

### 9.1 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document 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 information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares under the Offers. 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.

All announcements made by the Company are available from its website [www.avenira.com](http://www.avenira.com) or the ASX website [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and ASX websites.

This Offer Document (including the Application Forms) and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Western Australia and each applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

### 9.2 Cleansing Notice

The Company has lodged with ASX a Cleansing Statement in accordance with section 708AA of the Corporations Act. This notice may be reviewed on the websites of the Company and ASX.

### 9.3 Directors' Interests

As at the date of this Offer Document, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in the table below.

Director	Shares held	Options held	Entitlement to subscribe for New Shares under the Entitlement Offer <sup>(1)</sup>
Louis Calvarin	-	-	-
Chris Pointon	-	-	-
Ian McCubbing	400,000 <sup>(2)</sup>	-	180,000
Timothy Cotton	148,861,475 <sup>(3)</sup>	56,000,000 <sup>(4)</sup>	66,987,664
Farouk Chaouni	148,861,475 <sup>(3)</sup>	56,000,000 <sup>(4)</sup>	66,987,664
David Mimran	104,750,000 <sup>(5)</sup>	-	47,137,500

**Notes:**

1. The Entitlement shown assumes that none of the Options held by a Director are exercised prior to the Record Date.
2. Held by Anderby Qld Pty Ltd, a company associated with Mr McCubbing.
3. Mr Cotton and Mr Chaoui each have a 27% and 53% relevant interest in Vulcan Phosphates LLC, a member of the Agrifields Group, respectively. Vulcan Phosphates LLC is the registered holder of 14,000,000 Shares. Mr Cotton and Mr Choani each have a 33.3% and 66.7% relevant interest in Baobab Partners LLC, a member of the Agrifields Group, respectively. Baobab Partners LLC is the registered holder of 134,861,475 Shares.
4. The Options are held by Baobab Partners LLC, a member of the Agrifos Group. Mr Cotton and Mr Choani each have a 33.3% and 66.7% relevant interest in Baobab Partners LLC, respectively.
5. Tablo Corporation is the registered holder of 104,750,000 Shares of which Mr Mimran is the controller.

At the date of this Offer Document, all Directors intend to accept some or all of their Entitlement (or Entitlement of entities they control or are associated with), subject to their financial position prior to the Closing Date.

#### 9.4 Lead Manager Mandate

The Company has entered into a mandate with Foster Stockbroking Pty Ltd pursuant to which Foster Stockbroking Pty Ltd has been appointed lead manager to the Entitlement Offer and Shortfall Offer. The Lead Manager will assist the Company in marketing and facilitating demand for the Entitlement Offer and Shortfall Offer. The Lead Manager will be paid a \$50,000 retainer and 5% fee of gross amount raised by the Lead Manager under the Shortfall Offer.

#### 9.5 Loan Agreement

In March 2016, Mimran Natural Resources (a wholly owned subsidiary of Groupe Mimran) acquired a 20% interest in Baobab Mining and Chemicals Corporation SA (**BMCC**), a wholly owned subsidiary of the Company and the holder of the Baobab Phosphate Project, via its wholly owned subsidiary Gadde Bissik Phosphate Operations Suarl, in consideration for US\$11.25 million.

Following the acquisition, BMCC, the Company and Mimran Natural Resources entered into a loan agreement relating to the funding obligations of the parties in respect of the Baobab Phosphate Project (**Loan Agreement**). Interest accrues on loans advanced by the parties to BMCC at a rate of 6.75% per annum.

Under the terms of the Loan Agreement, in March 2017, Mimran Natural Resources contributed approximately A\$2.3 million to BMCC, representing its pro rata share of loan funds contributed by the Company, following Mimran Natural Resources acquiring its interest in the Baobab Phosphate Project. As at the date of this Offer Document, the Company has advanced approximately A\$17.66 million with A\$0.78 million in accrued interest and Mimran Natural Resources has advanced approximately A\$2.5 million with A\$0.10 million in accrued interest to BMCC, in accordance with the terms of the Loan Agreement.

#### 9.6 Costs of the Offers

The costs of the Offers payable by the Company (exclusive of GST) are as follows:

	(\$)
ASIC lodgement fee	\$2,400
ASX quotation fee	\$24,000
Legal expenses	\$75,000
Corporate Adviser Expenses	\$100,000
Lead Manager Expenses	\$182,500
Underwriting and Commitment fees	\$350,000

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	(\$)
Printing and other expenses	\$15,000
<b>TOTAL</b>	<b>\$748,900</b>

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## 10. Glossary

In this Offer Document, unless the context otherwise requires:

**\$** means Australian dollar.

**Agrifields** means Agrifields DMCC of 705, JBC5, Cluster W JLT, Dubai, United Arab Emirates.

**Agrifos Group** means Agrifos Partners LLC of 16 East 40th Street, Suite 802, New York NY 10016 and its associates, including Baobab Partners LLC and Vulcan Phosphates LLC.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2017 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2017, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2017.

**Applicant** means a person who submits an Entitlement and Acceptance Form or Shortfall Application Form or is otherwise permitted by the Company to apply for, and be issued, New Shares under the Offers (as applicable).

**Application** means a valid application for New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or by such other means or document as permitted by the Company or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to a Shortfall Application Form, and Entitlement and Acceptance Form or by such other means or document as permitted by the Company (as applicable).

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

**Application Monies** means application monies for New Shares received by the Company from an Applicant.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

**ASX Settlement Rules** means ASX Settlement Operating Rules of the ASX.

**Baobab Phosphate Project** means the phosphate project located in the Republic of Senegal operated by the Company and its related bodies corporate.

**BMCC** means Baobab Mining and Chemicals Corporation SA.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Cleansing Statement** means a valid notice in respect of the Offer in accordance with sections 708AA(2)(f) and 708AA(7).

**Closing Date** means the date referred to as such in the Indicative Timetable.

**Company** or **Avenira** means Avenira Limited ACN 116 296 541.



**Constitution** means the constitution of the Company as at the date of this Offer Document.

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

**Director** means a director of the Company.

**Eligible Shareholder** means a person who:

- (a) is a Shareholder at 5.00pm (Sydney time) on the Record Date; and
- (b) has a registered address recorded by the Share Registry as at the Record Date in Australia, New Zealand, Egypt, Lebanon and Shareholders in United Arab Emirates, United Kingdom, Greece, United States and Panama where the Offers fall within a security offering exception applicable to those Shareholders in that jurisdiction.

**Entitlement** means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to, or accompanying this Offer Document, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

**Entitlement Offer** has the meaning given to that term in Section 3.1.

**Group** means the Company and each of its subsidiaries.

**Hatch** means Hatch Pty Limited.

**Indicative Timetable** means the indicative timetable on page 7 of this Offer Document.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

**Lead Manager** means Foster Stockbroking Pty Ltd.

**Listing Rules** means the official listing rules of ASX.

**Loan Agreement** has the meaning given in Section 9.5.

**Mtpa** means million tons per annum.

**New Share** means a Share offered pursuant to this Offer Document.

**Nominee** has the meaning given in Section 3.15.

**Nominee Rights** has the meaning given in Section 3.15(a).

**Offers** means the Entitlement Offer and the Shortfall Offer.

**Official Quotation** means quotation of Shares on the official list of ASX.

**Opening Date** means the date referred to as such in the Indicative Timetable.

**Option** means an option to acquire a Share.

**Placement Offer** has the meaning given to that term in Section 2.3.

**Placement Shares** has the meaning given to that term in Section 2.3.

**Offer Document** means this Offer Document dated 24 October 2017.

**Record Date** means the date referred to as such in the Indicative Timetable.

**Section** means a section of this Offer Document.

**Securities** means any securities including Shares or Options issued or granted by the Company.

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

**Share Registry** means Computershare Investor Services Pty Limited.

**Shareholder** means a registered holder of Shares.

**Shareholder Bridge Loans** has the meaning given to that term in Section 2.3(c).

**Shortfall** means the New Shares not applied for under the Entitlement Offer before the Closing Date.

**Shortfall Application Form** means the application form attached to, or accompanying this Offer Document, to be used for the purposes of applying for Shortfall Shares.

**Shortfall Notification Date** means the date referred to as such in the Indicative Timetable.

**Shortfall Offer** has the meaning given to that term in Section 3.6.

**Shortfall Shares** means the New Shares constituting the Shortfall.

**Statements** has the meaning given to that term in Section 5.2.

**Strategic Plan** has the meaning given to that term in Section 2.1.

**Tablo** means Tablo Corporation of Calle Aquilino De La Guardia 8, Panama City, Republic of Panama.

**Underwriters** means Agrifields and Tablo.

**Underwriting Agreements** has the meaning given to that term in Section 4.1.

**Underwriter Shortfall Notification Date** means the date referred to as such in the Indicative Timetable.

**US\$** means the lawful currency of the United States.

**Voting Power** has the meaning given in section 610 of the Corporations Act.

## Schedule 1 - Underwriter Termination Events

### 1. Unqualified termination events

An Underwriter may at any time by notice given to the Company immediately, without cost or liability to itself, terminate its Underwriting Agreement so that it is relieved of all its obligations under its Underwriting Agreement if, in the reasonable opinion of a Underwriter, any of the following events occurs before Completion:

- (a) **(Offer Documents)** the Offer Documents contain (whether by omission or otherwise) any statement which is false, misleading or deceptive or they otherwise do not comply with the Corporations Act or any other applicable law;
- (b) **(ASIC action)** ASIC:
  - (i) applies for an order under Part 9.5 in relation to the Entitlement Offer or the Offer Documents;
  - (ii) holds or commences, or gives notice of intention to hold or commence, a hearing or investigation in relation to the Entitlement Offer or any Offer Document under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); or
  - (iii) either:
    - (A) prosecutes or gives notice of an intention to prosecute; or
    - (B) commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its officers, employees or agents in relation to the Entitlement Offer or the Offer Documents;
- (c) **(quotation)** ASX indicates to the Company that it will not approve the granting of official quotation to the New Shares by 5.00pm on the Business Day immediately preceding the settlement date;
- (d) **(listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended or cease to be quoted on ASX;
- (e) **(Insolvency)** any Group Member is Insolvent (as such term is defined in the Underwriting Agreements) or there is an act or omission which is likely to result in a Group Member becoming Insolvent;
- (f) **(withdrawal)** the Company withdraws the Entitlement Offer or varies the Entitlement Offer without the consent of the Underwriter;
- (g) **(inability to issue Shares)** the Company is unable to issue the New Shares on the anticipated issue date;
- (h) **(Director)** a Director:
  - (i) is charged with an indictable offence or any regulatory body commences any public action against the Director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
  - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;

- (i) **(misleading or deceptive conduct)** civil or criminal proceedings are brought against the Company or any Director or other officer of the Company in relation to any fraudulent, misleading or deceptive conduct by or on behalf of the Company (whether or not in connection with the Offer);

In addition to the unqualified termination events above, Tablo may also, at any time by notice given to the Company immediately, without cost or liability to itself, terminate its Underwriting Agreement so that it is relieved of all its obligations under its Underwriting Agreement if, in the reasonable opinion of Tablo, any of the following events occurs before Completion:

- (a) **(Baobab Phosphate Project)** the Baobab Phosphate Project is taken, revoked, condemned or expropriated by any governmental authority;
- (b) **(change to Company)** the Company alters the issued capital of the Company without the consent of Tablo, other than as contemplated by the Entitlement Offer;
- (c) **(Agrifields termination)** Agrifields terminates its agreement to underwrite the Entitlement Offer; and
- (d) **(takeovers panel)** ASIC or the takeovers panel prevents Tablo from underwriting the Entitlement Offer.

## 2. Qualified termination events

An Underwriter may at any time by notice given to the Company immediately, without cost or liability to itself, terminate its Underwriting Agreement so that it is relieved of all its obligations under its Underwriting Agreement if, in the reasonable opinion of the Underwriter, any of the following events occurs before Completion:

- (a) **(misrepresentation)** a representation or warranty made or given by the Company under the Underwriting Agreement proves to be, has been or becomes, untrue or incorrect; or
- (b) **(breach)** the Company fails to perform or observe any of its obligations under the Underwriting Agreement.

The Underwriter may not terminate its Underwriting Agreement as a result of the above events unless, in the reasonable opinion of the Underwriter, the event:

- (a) has had or is likely to have a material adverse effect on:
  - (i) the success of the Entitlement Offer;
  - (ii) the willingness of persons to apply for, or settle obligations to subscribe for, New Shares under the Entitlement Offer;
  - (iii) the price or likely price at which Shares are likely to trade on ASX; or
- (b) has given or is likely to give rise to:
  - (i) a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Corporations Act or any other applicable law; or
  - (ii) a liability for the Underwriter.

## 3. Glossary

In this Schedule, unless the context otherwise requires:

- (a) **Completion** occurs when all of the New Shares have been allotted by the Company in accordance with the Offers.

- 
- (b) **Group** means the Company and its Related Bodies Corporate, and each of them is a Group Member.
- (c) **Offer Documents** means:
- (i) the ASX announcement by the Company regarding the launch of the Offers;
  - (ii) the Entitlement and Acceptance Forms;
  - (iii) Cleansing Statement;
  - (iv) the Offer Document and supplementary Offer Document;
  - (v) all Publications; and
  - (vi) all other communications with Shareholders, nominees and other parties approved or authorised by or on behalf of the Company in connection with the Offers.
- (d) **Publication** means any media statements, announcements, advertisements, publicity, roadshow or other materials relating to the Offers or any Group Member published by or on behalf of any Group Member.

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