

25 October 2017

Dear Shareholder

## NOTICE TO ELIGIBLE SHAREHOLDERS OF RENOUNCEABLE RIGHTS ISSUE

I am writing to you as the registered holder of shares with a registered address in Australia, New Zealand, Egypt, Lebanon or in the 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**), in Avenira Limited (**Company**) as at today's date.

As announced on 24 October 2017, the Company is undertaking a renounceable pro-rata entitlement offer to raise up to \$13 million (before costs) (**Entitlement Offer**), on the basis of nine (9) fully paid ordinary shares in the capital of the Company (**New Shares**) for every twenty (20) fully paid ordinary shares held at the record date on 27 October 2017 (**Record Date**), at an issue price of \$0.048 per New Share. The Entitlement Offer will be made by way of an offer document 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 (**Offer Document**). Approximately 270,726,018 New Shares will be issued (subject to rounding).

The Entitlement Offer is renounceable so rights are tradeable on ASX. New Shares will rank equally with the Company's existing shares.

The Company has actively pursued parties who would be willing to underwrite the Entitlement Offer, giving priority to non-substantial shareholders. The Entitlement Offer is severally and partially underwritten by Tablo Corporation (**Tablo**) and Agrifields DMCC (**Agrifields**) (**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 letter, Tablo and Agrifields each have a voting power in the Company of 17.4% and 3.7%, respectively.

Tablo and Agrifields have each agreed to subscribe for their full entitlement under the Entitlement Offer. Agrifos Partners LLC (and its related bodies corporate Baobab Partners LLC and Vulcan Phosphates LLC) has agreed to subscribe for its entitlements under the Entitlement Offer up to A\$2.8 million.

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, shortfall offer and placement offer (which may also be conducted by the Company to raise up to A\$2 million (**Placement Offer**)), assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders apply for additional Shares under the shortfall offer.

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%

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 (%)
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>

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:**

- 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.
- 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.
- 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.
- 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.
- 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.
- Capitalised terms in the Notes above have the meanings given in the Offer Document.

The Entitlement Offer is made to Eligible Shareholders registered at 5.00pm (Sydney-time) on the Record Date.

The Entitlement Offer will be made pursuant to an Offer Document lodged with ASX on 24 October 2017 and which is available on the Company's website at <http://www.avenira.com/> and on the ASX website at [www.asx.com.au](http://www.asx.com.au).

**Shortfall Offer**

If the Entitlement Offer is not fully subscribed, the directors reserve the right, subject to any restrictions imposed by the *Corporations Act 2001* (Cth) and Listing Rules, to issue New Shares not otherwise taken up under the Entitlement Offer (**Shortfall Shares**) in accordance with the shortfall allocation policy detailed in the Offer Document (**Shortfall Offer**).

The Shortfall Offer will be a separate offer made pursuant to the Offer Document. The issue price of the Shortfall

Shares will be 4.8 cents each, being the same price as the New Shares being offered under the Entitlement Offer.

### Purpose of Offer

Successful completion of the Entitlement Offer will raise up to \$13 million (before costs). The majority of the funds raised from the Entitlement Offer will be used to repay its existing shareholder loans from Tablo and Agrifos Partners LLC totaling US\$4,900,000 and progress its Strategic Plan as previously announced on ASX on 9 June, 23 June and 26 July 2017.

### Indicative Timetable

The 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 despatch 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 all dates may be subject to change. The Company Directors reserve the right to extend the Closing Date for the Offers at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

#### Offer Document

The Company lodged the Offer Document with ASX on 24 October 2017, and it is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and also on the Company's website at [www.avenira.com](http://www.avenira.com). The Company expects to dispatch the Offer Document to shareholders of the Company on or about 1 November 2017. The Offer Document will provide further details of the Entitlement Offer, Placement Offer and the Shortfall Offer in detail.

The Offer Document will attach a personalised Entitlement and Acceptance Form, which will set out the number of Shares which you are entitled to under the entitlement issue, details of payment options and other instructions. Please read and follow these instructions carefully to ensure your acceptance is completed according to your intentions. Please note the Offer Closing Date of 5pm (Sydney time) on 22 November 2017 is the deadline by which your completed Entitlement and Acceptance Form and application monies (in full) must be received. If you wish to apply for additional Shortfall Shares (in excess of your entitlement), you may do so by completing the relevant section on your Entitlement and Acceptance Form.

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.

Yours sincerely



Louis Calvarin  
Managing Director and CEO