



ABN 48 116 296 541

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Avenir Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors submit their report on the consolidated entity consisting of Avenira Limited and the entities it controlled (Avenira or the Group) at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year to the date of this report are:

Brett Clark (Executive Chairman)

Kevin Dundo (Non-Executive Director) (appointed 22 October 2019)

Winnie Lai Hadad (Non-Executive Director) (appointed 22 October 2019)

Louis Calvarin (resigned 22 October 2019)

Timothy Cotton (resigned 22 October 2019)

The Directors held their position throughout the entire half-year period and up to the date of this report unless stated otherwise.

REVIEW OF OPERATIONS

The review of operations should be read in conjunction with the half-year statements, the consolidated annual financial report of the Group as at 30 June 2019 and considered together with any public announcements made by the Group during the half-year ended 31 December 2019 in accordance with continuous disclosure requirements of the Corporations Act 2001.

HIGHLIGHTS

- The sale of the Baobab Phosphate Project and Novaphos completed on 22 October 2019.
- Received US\$3.0 million in cash (A\$4.4 million before transaction costs).
- Share buyback resulted in only 440.8 million shares now on issue.
- The Company retains the Wonarah Phosphate Project located in the Northern Territory and exclusive licensing rights for Australia to use the Novaphos improved hardening process, which substantially increases the grade and value per tonne of Phosphate product.

BAOBAB PHOSPHATE PROJECT SALE

Summary of the transaction

The Baobab Phosphate Project Sale was completed on 22 October 2019 and under the agreement Avenira agreed to sell or assign all its rights and interests in the following assets to a consortium of its major shareholders (the Purchasers):

- Baobab Fertilizer Africa (BFA) (the wholly owned subsidiary which held Avenira's interests in the Baobab Phosphate Project) and the associated Baobab Intellectual Property and Other Information;
- Novaphos (other than the existing Australian Licence Agreement as outlined below); and
- The intercompany loan between Avenira and BMCC and the intercompany loan between Avenira and BFA.

Under the Transaction:

- Avenira received cash consideration of US\$3.0M (A\$4.4M), and loan and director fees forgiven of US\$1.2M (A\$1.8M), for a total consideration value of US\$4.2M (A\$6.2M), using a A\$:US\$ 0.6866 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.

The transaction also resulted in the Purchasers taking on responsibility for the outcome of current Senegalese tax audits of BMCC and Gadde Bissik Phosphate Operations SUARL (its operating subsidiary).

Whilst Avenira has sold its interests in Novaphos (including the licence agreement to use the Novaphos technology in Senegal), Avenira retains an exclusive licence to use the Novaphos technology in Australia.

Directors' Report

WONARAH PHOSPHATE PROJECT, Australia NT (Avenira 100%)

Scoping study commenced on the Wonarah Project during the December 2019 Quarter. The scoping study includes the review of existing data utilised in the Wonarah Definitive Feasibility Study (DFS) completed a decade ago. Avenira will also review Diammonium phosphate (DAP) & Monoammonium phosphate (MAP) technology as a value-added step in the processing options in parallel with the option of utilising the Novophos technology. The company envisages reporting the outcomes of the study over the next few months.

Schedule of Avenira Limited Tenements as at 31 December 2019

Location	Tenement Name	Tenement	Nature of Company's Interest
Northern Territory	Arruwurra	EL29840	100%
Northern Territory	Wonarah	EL29841	100%
Northern Territory	Dalmore	EL29849	100%
Northern Territory	Central Wonarah	EL31477	100%

MINERAL RESOURCE STATEMENT

WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA												
Cut off P ₂ O ₅ %	Resource Category	Tonnes	P ₂ O ₅	Al ₂ O ₃	CaO	Fe ₂ O ₃	K ₂ O	MgO	MnO	Na ₂ O	SiO ₂	TiO ₂
		Mt	%	%	%	%	%	%	%	%	%	%
10	Measured	78.3	20.8	4.85	28	1.11	0.43	0.25	0.04	0.1	39.7	0.21
	Indicated	222	17.5	4.75	23.2	1.49	0.47	0.2	0.04	0.09	48.3	0.22
	M+I	300	18.3	4.77	24.4	1.4	0.46	0.21	0.04	0.09	46.1	0.22
	Inferred	512	18	4.8	24	2.1	0.5	0.2	0.08	0.05	46	0.2
15	Measured	64.9	22.4	4.47	30	1.1	0.37	0.19	0.04	0.09	37	0.19
	Indicated	133	21.1	4.77	28	1.53	0.47	0.21	0.04	0.09	39.7	0.22
	M+I	198	21.5	4.67	28.7	1.39	0.44	0.2	0.04	0.09	38.8	0.21
	Inferred	335	21	4.5	28	2.0	0.5	0.2	0.10	0.06	39	0.2

The mineral resource statement is based on, and fairly represents, information and supporting documentation prepared by a Competent Person.

The mineral resources statement as a whole is approved by Russell Fulton, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Fulton is employed by Russell Fulton Pty Ltd. Mr. Fulton was the former Geological Manager and a full-time employee of the Company and now provides geological consulting services to the Group. Mr. Fulton has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fulton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

INVESTMENTS AND CORPORATE INFORMATION

Board and Executive Changes

Mr Brett Clark was appointed Chairman / CEO from 5 December 2019.

Following the resignations of Louis Calvarin and Timothy Cotton, Ms Winnie Lai Hadad and Mr Kevin Dundo were appointed to the Board.

Ms Winnie Lai Hadad has expertise in change management, corporate governance and business process improvement and has been involved in listings on the Australian Securities Exchange.

Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

Ms Lai Hadad is a Non Executive Director of Vonex Limited.

Mr Kevin Dundo is a practicing lawyer, specialising in commercial and corporate law and in particular, mergers and acquisitions, with experience in the mining services and financial services industries. He is a member of the Law Society of Western Australia, Law Council of Western Australia, Australian Institute of Company Directors and a Fellow of the Australian Society of Certified Practising Accountants.

Mr Dundo is also Non Executive Chairman of Red 5 Limited, Non Executive Director of Cash Converters International Limited and Non Executive Director of Imdex Limited.

FINANCIAL REVIEW

During the half year ended 31 December 2019 the Group reported an operating loss after tax of \$4,241,658 (half-year ended 31 December 2018: loss of \$5,859,779).

As at 31 December 2019 the total cash balance was \$2,774,536 (30 December 2018: \$2,258,962).

DIVIDENDS

No dividends were paid or declared during the six months ended 31 December 2019. No recommendation for payment of dividends has been made.

SUBSEQUENT EVENTS

Other than stated above, since 31 December 2019 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors.



Brett Clark
Chairman / CEO

Perth, 15 March 2020



**Building a better
working world**

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Auditor's independence declaration to the Directors of Avenira Limited

As lead auditor for the review of the half-year financial report of Avenira Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Avenira Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham' in a cursive script.

Gavin Buckingham
Partner
15 March 2020

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated	
		31 December 2019 \$	31 December 2018 \$
INCOME			
Interest income		10,323	41,233
EXPENDITURE			
Depreciation and amortisation expense		(11,931)	(9,710)
Salaries and employee benefits expense		(446,844)	(716,192)
Impairment of exploration and evaluation expenditure	6	(61,953)	(25,640)
Interest expense		(536)	-
Share based payment expense	7	(374,051)	(20,584)
Net foreign currency gain/(loss)		616	101,518
Administrative and other expenses		(1,082,739)	(1,032,887)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		(1,967,115)	(1,662,262)
INCOME TAX BENEFIT		-	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(1,967,115)	(1,662,262)
Discontinued Operations			
Net Gain/(Loss) after tax for the year from discontinued operations	5	(2,274,543)	(4,197,517)
PROFIT/(LOSS) FOR THE PERIOD		(4,241,658)	(5,859,779)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Items that may be reclassified subsequently to Profit or Loss, net of tax			
Exchange differences on translation of foreign operations		119,851	1,225,183
Exchange differences arising during the period		2,332,312	-
Recycled to the profit and loss on derecognition of controlled entity		2,452,163	1,225,183
Net fair value loss on investment in equity instruments		-	(15,610)
Other comprehensive income / (loss) for the period, net of tax		2,452,163	1,209,573
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		(1,789,495)	(4,650,206)
Income / (Loss) for the period is attributable to:			
Owners of Avenir Limited		(3,884,530)	(4,723,095)
Non-controlling interest		(357,128)	(1,136,684)
		(4,241,658)	(5,859,779)
Total comprehensive income / (loss) for the period is attributable to:			
Owners of Avenir Limited		(1,789,495)	(3,739,079)
Non-controlling interest		-	(911,127)
		(1,789,495)	(4,650,206)
LOSS PER SHARE			
<i>From continuing operations</i>			
Basic profit per share (cents)		(0.24)	(0.17)
Diluted profit per share (cents)		(0.24)	(0.17)
<i>From total operations</i>			
Basic profit / (loss) per share (cents)		(0.51)	(0.59)
Diluted profit / (loss) per share (cents)		(0.51)	(0.59)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2019

	Notes	Consolidated	
		31 December 2019	30 June 2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,774,536	278,689
Trade and other receivables	3	88,121	43,020
Assets of disposal group held for sale		-	25,101,830
TOTAL CURRENT ASSETS		2,862,657	25,423,539
NON-CURRENT ASSETS			
Trade and other receivables	3	1,481,600	1,481,600
Financial Assets		15,620	15,620
Plant and equipment	4	5,699	5,034
Capitalised exploration and evaluation expenditure	6	5,889,800	5,889,800
Intangible assets		38,193	44,223
Right-of-use asset		101,733	-
TOTAL NON-CURRENT ASSETS		7,532,645	7,436,277
TOTAL ASSETS		10,395,302	32,859,816
CURRENT LIABILITIES			
Trade and other payables		104,469	643,986
Lease Liability		29,198	-
Provisions		-	143,008
Loans and borrowings	8	-	1,317,984
Liabilities of disposal group held for sale		-	12,987,325
TOTAL CURRENT LIABILITIES		133,667	15,092,303
NON-CURRENT LIABILITIES			
Provisions		1,289,500	1,289,500
Lease Liability		74,335	-
TOTAL NON-CURRENT LIABILITIES		1,363,835	1,289,500
TOTAL LIABILITIES		1,497,502	16,381,803
NET ASSETS		8,897,800	16,478,013
EQUITY			
Issued capital	9	137,337,161	142,280,148
Reserves		25,191,658	27,014,485
Accumulated losses		(153,631,019)	(149,389,359)
Capital and reserves attributable to members of Avenir Limited		8,897,800	19,905,274
Non-controlling interest		-	(3,427,261)
TOTAL EQUITY		8,897,800	16,478,013

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	Attributable to Owners of Avenir Limited					Non-Controlling Interest	Total
		Issued Capital	Reserves	Accumulated Losses	Total			
		\$	\$	\$	\$	\$		
BALANCE AT 30 JUNE 2018		139,480,390	26,234,899	(113,992,689)	51,722,600	4,416,599	56,139,199	
Profit/(loss) for the period		-	-	(4,723,095)	(4,723,095)	(1,136,684)	(5,859,779)	
Other comprehensive income for the period		-	984,016	-	984,016	225,557	1,209,573	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	984,016	(4,723,095)	(3,739,079)	(911,127)	(4,650,206)	
Shares issued during the period		2,850,625	-	-	2,850,625	-	2,850,625	
Share issue transaction costs		(60,670)	-	-	(60,670)	-	(60,670)	
Share based payments		-	(30,041)	-	(30,041)	-	(30,041)	
BALANCE AT 31 DECEMBER 2018		142,270,345	27,188,874	(118,715,784)	50,743,435	3,505,472	54,248,907	
BALANCE AT 30 JUNE 2019		142,280,148	27,014,485	(149,389,359)	19,905,274	(3,427,261)	16,478,013	
Profit/ (loss) for the period		-	-	(3,884,530)	(3,884,530)	(357,128)	(4,241,658)	
Other comprehensive income for the period		-	2,452,163	-	2,452,163	-	2,452,163	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	2,452,163	(3,884,530)	(1,432,367)	(357,128)	(1,789,495)	
Shares cancelled in the period		(4,942,987)	-	-	(4,942,987)	-	(4,942,987)	
Shares issued during the period		-	-	-	-	-	-	
Share issue transaction costs		-	-	-	-	-	-	
Share based payments	7	-	374,051	-	374,051	-	374,051	
Discontinued operations		-	(4,649,041)	(357,130)	5,006,171	3,784,389	(8,687,246)	
BALANCE AT 31 DECEMBER 2019		137,337,161	25,191,658	(153,631,019)	8,897,800	-	8,897,800	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Notes	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(3,121,375)	(1,631,010)
Payment of interest	(536)	-
Interest received	5,665	41,132
Proceeds from other income	3,561	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,112,685)	(1,589,878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on mining interests	(169,204)	(364,766)
Payments for mine development	(962,814)	(3,424,520)
Payments for exploration expenditure	(61,953)	-
Receipts for sales capitalised to mine development	-	1,280,946
Payments for plant and equipment	(3,700)	(11,893)
Payments for intangibles	-	(5,208)
Loans to other entities	-	(137,024)
Refund from security deposits	1,527	-
Proceeds from sale of discontinued operations, net of cash disposed	4,284,234	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	3,088,090	(2,662,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,800,000
Transaction costs on issue of shares	-	(60,667)
Proceeds from loans and borrowings	3,024,515	-
Repayment of loans and borrowings	(674,950)	-
Payment of lease liabilities	(1,066)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	2,348,499	2,739,333
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,323,904	(1,513,010)
Cash and cash equivalents at the beginning of the period	300,544	3,679,173
Effects of exchange rate changes on cash and cash equivalents	150,088	92,799
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,774,536	2,258,962

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION**(a) Reporting Entity**

The financial report of Avenira Limited and its subsidiaries (collectively, Avenira or the Group) for the six months ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 15 March 2020.

Avenira Limited (the Company) is a for profit company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded. The company's principal place of business is Suite 6, 100 Mill Point Road, South Perth WA 6008.

The Group's principal activities are the exploration, development and production of valuable phosphate and other nutrient projects.

(b) Basis of preparation

The interim financial report for the half-year reporting period ended 31 December 2019 is a general purpose condensed financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: Interim Financial Reporting.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Avenira Limited and its controlled entities (Avenira or the Group) as the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual report of the Group for the year ended 30 June 2019 and considered together with any public announcements made by Avenira during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2019 except for new accounting policies outlined at 1(c).

(c) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards and interpretations effective as of 1 July 2019.

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 July 2019, including:

AASB 16 Leases (AASB 16)*Nature of the effect of adoption of AASB 16*

The Group applied the modified retrospective transition method to adopt AASB 16 and thus prior comparatives were not restated. Under this method, the cumulative effect of initially applying the standard is recognised directly as an adjustment to equity at the date of initial application, 1 July 2019. The Group opted to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and do not contain a purchase option ('short-term lease'), and lease contracts for which the underlying asset is of low value ('low-value assets') (ie. below US\$5,000).

The Group has lease contracts for its office premises and port facility. Before the adoption of AASB 16 the Group's classified each of its leases (as lessee) at the inception date as either finance lease or operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Prior to the date of initial application of AASB 16, the Group did not have any finance leases recognised. The leases for the office premises was classified as operating leases. Operating leases were not capitalised, and the lease payments were recognised as rent expense in the profit or loss on a straight-line basis over the lease term.

Upon adoption of AASB16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group has elected to present right-of-use assets and lease liabilities separately in the statement of financial position. Right-of-use assets have been recognised based on an amount equal to the lease liabilities. Lease liabilities have been recognised based on present value of the remaining lease payments, discounted using the incremental borrowing rate at 6.15%.

The impact on operating cash flows is the removal of the payments for operating lease costs incurred (previously under AASB 117 Leases), which were expensed through operating costs, except for cash flows relating to variable, short-term and low-value payments. The principal component of lease payments is now recognised as a financing activity in the statement of cashflow (previously presented as an operating activity).

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

2. BASIS OF PREPARATION (continued)

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Reconciliation of operating lease commitments

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	\$
Operating lease commitments at 30 June 2019	5,454
Less:	
Commitments relating to short term leases	(5,454)
Add:	
Commitments related to mine development	1,887,602
Lease liabilities at 1 July 2019	1,887,602

Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease Liabilities		
	\$			\$		
	Port Facility	Office Lease	Total	Port Facility	Office Lease	Total
Recognised as 1 July 2019 on adoption of AASB 16	1,887,602	-	1,887,602	1,887,602	-	1,887,602
Additions	-	104,599	104,599	-	104,599	104,599
Depreciation expense	-	(2,866)	(2,866)	-	-	-
Interest expense	-	-	-	-	536	536
Payments	-	-	-	-	(1,602)	(1,602)
Transfer to discontinued operations	(1,887,602)	-	(1,887,602)	(1,887,602)	-	(1,887,602)
As at 31 December 2019	-	101,733	101,733	-	103,533	103,533

The effect of the adoption of AASB 16 as at 1 July 2019 was an increase in Right-of-use lease assets and Lease liabilities of \$1,887,602.

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION (continued)*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation 23 is applied by the Group from 1 July 2019. Interpretation 23 clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes where there is uncertainty over income tax treatments. It requires assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances come to light. No material impact was noted on the application of Interpretation 23.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

2. SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2019 and 2018, respectively.

Six months ended 31 December 2019	Wonarah \$	Unallocated – Other Segments \$	Total Consolidated \$
Income			
Interest income	6,797	3,526	10,323
Total segment income	6,797	3,526	10,323
Total revenue as per statement of comprehensive income			10,323
Impairment of non-current assets	(61,953)	-	(61,953)
Salaries, administrative and other expenses	(19,460)	(1,884,093)	(1,903,553)
Depreciation and amortisation	(442)	(11,490)	(11,932)
Segment net loss before tax	(75,058)	(1,892,057)	(1,967,115)
Tax Benefit	-	-	-
Segment net loss after tax	(75,058)	(1,892,057)	(1,967,115)
Loss from sale of subsidiary			(2,274,543)
Total net loss per statement of profit or loss and other comprehensive income			(4,241,658)

*Represents the level of activity prior to the sale on 22 October 2019

31 December 2019

	WONARAH (AUSTRALIA) \$	UNALLOCATED – OTHER SEGMENTS \$	TOTAL CONSOLIDATED \$
Segment assets			
Capitalised exploration and evaluation expenditure	5,889,800	-	5,889,800
Plant and equipment	442	5,257	5,699
Other assets at balance date	1,492,077	3,007,726	4,499,803
Total segment assets	7,382,319	3,012,983	10,395,302
Segment liabilities			
Other liabilities at balance date	1,304,567	192,935	1,497,502
Total segment liabilities	1,304,567	192,935	1,497,502

 Six months ended 31 December 2018⁽¹⁾

	\$	\$	\$
Income			
Interest income	19,520	21,713	41,233
Total segment income	19,520	21,713	41,233
Total revenue as per statement of comprehensive income			41,233
Impairment of non-current assets	(25,640)	-	(25,640)
Salaries, administrative and other expenses	(18,743)	(1,649,401)	(1,668,144)
Depreciation and amortisation	(1,087)	(8,624)	(9,711)
Segment net loss before tax	(25,950)	(1,636,312)	(1,662,262)
Tax Benefit	-	-	-
Segment net loss after tax	(25,950)	(1,636,312)	(1,662,262)
(Loss)/gain from discontinued operations			(4,197,517)
Total net loss per statement of profit or loss and other comprehensive income			(5,859,779)

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

 30 June 2019⁽¹⁾

	WONARAH (AUSTRALIA) \$	UNALLOCATED – OTHER SEGMENTS \$	TOTAL CONSOLIDATED \$
Segment assets			
Capitalised exploration and evaluation expenditure	5,889,800	-	5,889,800
Capitalised mine development expenditure	-	-	-
Plant and equipment	883	4,151	5,034
Other assets at balance date	1,502,302	360,850	1,863,152
Segment assets	7,392,985	365,001	7,757,986
Assets from discontinued operations			25,101,830
Total segment assets			32,859,816
Segment liabilities			
Other liabilities at balance date	1,291,515	2,102,963	3,394,478
Segment liabilities	1,291,515	2,102,963	3,394,478
Liabilities from discontinued operations			12,987,325
Total segment liabilities			16,381,803

⁽¹⁾ The December 2018 comparative note has been re-stated for the discontinued operations. For June 2019, the discontinued operations assets and liabilities have been removed from the comparative table and are shown separately.

3. TRADE AND OTHER RECEIVABLES

Current	31 December 2019 \$	30 June 2019 \$
Trade Receivables	919	11,446
Government taxes receivable ⁽ⁱ⁾	54,575	380
Sundry receivables	2,960	-
Sundry deposits	29,667	31,194
	88,121	43,020

⁽ⁱ⁾ Government taxes relate to GST receivable in Australia.

Non-Current	31 December 2019 \$	30 June 2019 \$
Security Deposits	1,481,600	1,481,600
	1,481,600	1,481,600

4. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	31 December 2019 \$	30 June 2019 \$
Cost	84,132	80,432
Accumulated depreciation	(78,433)	(75,398)
Net carrying amount	5,699	5,034
Movements in carrying amounts		
Opening net carrying amount	5,034	1,334,802
Additions	3,700	27,554
Depreciation Charge	(3,035)	(336,722)
Impairment	-	(628,409)
Assets held for sale	-	(423,027)
Foreign currency exchange differences	-	31,106
Closing net carrying amount	5,699	5,034

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

5. DISCONTINUED OPERATIONS

On 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) in return for cash consideration and essential funding support (the 'Transaction').

On 14 October 2019 shareholder approval for the sale was received and the transaction was completed on 22 October 2019.

The results of the Baobab Phosphate Project and Novaphos for the period as presented below:

	31 December 2019*	31 December 2018
	\$	\$
Other income	3,561	-
Administration expenses	(411,690)	(402,437)
Salaries and employee benefits	(132,048)	(173,264)
Depreciation	(116,719)	(184,639)
Impairment reversal of Doubtful debts	-	(197,674)
Other operating expenses	(343,958)	-
Impairment	-	(4,319,383)
FX Movements	54,041	34
Profit/(loss) before tax from discontinued operation	(946,813)	(5,227,363)
Tax benefit:	-	1,079,846
Loss for the year from discontinued operations	(946,813)	(4,197,517)
Loss on sale of the discontinued operations	(1,327,730)	-
Profit/(loss) for the period from discontinued operations	(2,274,543)	(4,197,517)

*Represents the level of activity prior to the sale on 22 October 2019

	A\$
Consideration received from sale of Baobab Project	
Cash Received (U\$3,000,000)	4,369,356
Shares returned (617,873,316 shares @ \$0.008)	4,942,987
Loans Forgiven	1,389,284
Directors Fees Forgiven	408,452
Total Consideration	11,110,079

Net cash flows generated from the sale of Baobab Project are	
Cash Received (U\$3,000,000)	4,369,356
Cash sold as part of discontinued operations	(85,122)
Total Consideration	4,284,234

The net cash flows from the discontinued operation are as follows:

Operating	(1,154,281)	(538,132)
Investing	(1,132,017)	(1,557,559)
Financing	2,349,565	1,979,434
Net cash (outflow) / inflow	63,267	(116,257)

Earnings per share

Basic profit / (loss) for the year from discontinued operations (cps)	(0.28)	(0.42)
Diluted profit / (loss) for the year from discontinued operations (cps)	(0.28)	(0.42)

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

The Baobab Phosphate Project Sale was completed on 22 October 2019 and under the agreement Avenira agreed to sell or assign all its rights and interests in the following assets to a consortium of its major shareholders (the Purchasers):

- Baobab Fertilizer Africa (BFA) (the wholly owned subsidiary which held Avenira's interests in the Baobab Phosphate Project) and the associated Baobab Intellectual Property and Other Information;
- Novaphos (other than the existing Australian Licence Agreement as outlined below); and
- The intercompany loan between Avenira and BMCC; and the intercompany loan between Avenira and BFA.

Under the Transaction:

- Avenira received cash consideration of US\$3.0M (A\$4.4M), and loan and director fees forgiveness of US\$1.2M (A\$1.8M), for a total consideration value of US\$4.2M (A\$6.2M), using a A\$:US\$ 0.6866 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.

The transaction also resulted in the Purchasers taking on responsibility for the outcome of current Senegalese tax audits of BMCC and Gadde Bissik Phosphate Operations SUARL (its operating subsidiary).

Whilst Avenira has sold its interests in Novaphos (including the licence agreement to use the Novaphos technology in Senegal), Avenira retains an exclusive licence to use the Novaphos technology in Australia.

On 1 July 2019 the Group recognised a right of use asset and lease liability of \$1,887,602 for the 25 year lease on a port facility relating to the Baobab Project. As the Baobab project was sold prior to 31 December 2019, the assets and liabilities classified as held for sale are no longer included in the statement of financial position

6. .NON-CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019 \$	30 June 2019 \$
<i>Reconciliation of movements of exploration and evaluation costs in respect of areas of interest</i>		
Opening net carrying amount	5,889,800	10,018,672
Capitalised exploration and evaluation costs	61,953	733,804
Impairment of exploration and evaluation expenditure	(61,953)	(3,028,186)
Assets held for sale	-	(1,941,789)
Foreign currency exchange differences	-	107,299
Closing net carrying amount	5,889,800	5,889,800

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

A valuation review conducted by SRK Consulting for the year ending 30 June 2019 revealed fair values for the Wonarah Project ranging from \$6,010,000 to \$16,020,000, based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources (level 3 in the fair value hierarchy).

On 11 March 2020, SRK Consulting advised that the valuation of the Mineral Assets has not materially changed since their 30 June 2019 SRK report for the purpose of the Wonarah Project valuation assessment at 31 December 2019.

The Directors considered that the low end of the independent expert's range is most representative of the fair value less costs of disposal of the Wonarah Project. The recoverable amount is calculated as \$5,889,800 after allowing for estimated costs of disposal.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

7. SHARE BASED PAYMENTS

In November 2019, 48,000,000 options were granted to the Directors pursuant to shareholder approval received at the 2019 AGM.

2019	Vesting Date	Issued During the Year	Expiry Date	Exercise Price	Value per option grant day (cents)
Grant Date: 29 November 2019					
Tranche 1 ⁽¹⁾	29/11/2019	24,000,000	30/11/2022	0.02	0.008
Tranche 2 ⁽²⁾	29/11/2019	24,000,000	30/11/2022	0.03	0.007
		48,000,000			

⁽¹⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

⁽²⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

The fair value of the options granted during the year were calculated using the Black Scholes option pricing model applying the following inputs for each tranche of option:

Tranche 1 – 2 cent options		Tranche 2 – 3 cent options	
Options issued	24,000,000	Options issued	24,000,000
Measurement Date	29/11/2019	Measurement Date	29/11/2019
Share price at measurement date	0.0150	Share price at measurement date	0.0150
Exercise price	0.02	Exercise price	0.03
Fair value at grant date	0.008	Fair value at grant date	0.007
Volatility	100%	Volatility	100%
Expiry date	30/11/2022	Expiry date	30/11/2022
Risk free rate	0.65%	Risk free rate	0.65%

For the six months ended 31 December 2019, the Group has recognised \$374,051 of share-based payment expense in the statement of profit or loss (31 December 2018: nil). The weighted average fair value of the options granted during the period was \$0.0075.

8. LOANS AND BORROWINGS

	Opening Balance	Interest Charged	FX Impact	Forgiven during the period	Closing Balance
	30 June 2019	\$	\$	\$	31 December 2019
Bridge Loans – unsecured	1,317,984	42,656	28,644	1,389,284	-
Total current loans and borrowings		42,656	28,644	1,389,284	-

Bridge Loans

In March 2019 the Company entered into funding agreements with, Agrifos Partners LLC Tablo Corporation, an affiliate of Groupe Mimran and Agrifields DMCC (Agrifields) whereby the following unsecured bridge loans were provided:

Tablo Corporation	USD 400,000
Agrifields DMCC	USD 250,000
Agrifos Partners LLC	USD 250,000

The loans were fully drawn down during 2019 and accrued interest at 6%. The unsecured Bridge Loan was assigned and forgiven as part of the consideration for the Sale of Asset as approved by shareholders at the General Meeting held 14 October 2019.

9. ISSUED CAPITAL

	31 December 2019		30 June 2019		
	Notes	Number of shares	\$	Number of shares	\$
(a) Share capital					
Ordinary shares fully paid		1,058,628,242	142,280,148	1,058,628,242	142,280,148
Total share capital		1,058,628,242	142,280,148	1,058,628,242	142,280,148
(b) Movements in ordinary share capital					
Beginning of the financial period		1,058,628,242	142,280,148	915,903,243	139,480,390
Transactions during the period:					
– Shares cancelled		(617,873,316)	(4,942,987)	-	-
– Issue of shares		-	-	40,000,000	800,000
– Issue of shares		-	-	99,999,999	2,000,000
– Issue of shares		-	-	2,025,000	50,625
– Issue of shares		-	-	700,000	9,800
Less: transaction costs		-	-	-	(60,667)
End of the financial period		440,754,926	137,337,161	1,058,628,242	142,280,148

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2019

	Number of options	
	31 December 2019	30 June 2019
(c) Movements in unlisted options on issue		
Beginning of the financial period	80,000,000	80,000,000
Expired during the period	(80,000,000)	-
Issued during the period		
– 2 cent options, 30 Nov 2022 ⁽¹⁾	24,000,000	-
– 3 cent options, 30 Nov 2022 ⁽²⁾	24,000,000	-
End of the financial period	48,000,000	80,000,000

⁽¹⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

⁽²⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

	Number of share rights	
	31 December 2019	30 June 2019
(d) Movements in share rights		
Beginning of the financial period	-	5,000,000
Lapsed during the period:		
– Performance rights forfeited on 30 June 2019	-	(5,000,00)
End of the financial period	-	-

10. COMMITMENTS AND CONTINGENCIES

Since 30 June 2019 the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2019 annual report.

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 31 December 2019:

a) Compensation of key management personnel

		Purchases from related parties	Amounts owed to related parties
Key Management personnel of the Group:			
Other directors' interest ⁽¹⁾	2019	5,425	-
		5,425	-

⁽¹⁾ Payments to director for interim office lease between the periods of 01/09/2019 – 30/11/2019.

b) Loans from key management personnel

	Opening Balance 30 June 2019	Interest Charged	FX Impact	Forgiven during the Period	Closing Balance 31 December 2019
Key Management personnel of the Group:					
Other Directors' interest ⁽¹⁾	1,317,984	42,656	28,644	1,389,284	-
		42,656	28,644	1,389,284	-

⁽¹⁾ Agrifos Partners LLC is a company related through the common control of former Directors Timothy Cotton and Frank Chaouni. Their portion of the unsecured bridge loan was A\$386,250.

12. EVENTS AFTER THE REPORTING PERIOD

Other than stated above, since 31 December 2019 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Avenira Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of Avenira Limited for the half-year ended 31 December 2019 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board.



Brett Clark
Chairman / CEO

Perth, 15 March 2020



**Building a better
working world**

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Independent auditor's review report to the Members of Avenira Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Avenira Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
15 March 2020