

31 OCTOBER 2019

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- During the September quarter Avenira was focussed on the sale of its interest in the Baobab Phosphate Project and Novaphos (Transaction) to a consortium of its major shareholders (the Purchasers).
- The sale of the Baobab Phosphate Project and Novaphos completed after the end of the September quarter on October 22, 2019.
- The Company is now debt free, has received US\$2.7m in cash (approximately A\$4.1 million before Transaction costs) and with the associated share buy-back has only 440.8 million shares on issue.
- The Company retains the Wonarah Phosphate Project located in the Northern Territory and exclusive rights to use the Novaphos phosphate high grade technology in Australia.
- And, the Board intends to conduct a strategic review of the Company and its assets as part of setting a new direction.

Corporate

- Messrs Tim Cotton and Louis Calvarin have resigned from the Board upon Transaction completion and have been replaced by Mr Kevin Dundo and Ms Winnie Lai Hadad as non-executive Directors.
- A\$0.2 million cash balance at 30 September 2019. As at the date of this report, the cash balance is A\$3.5 million

1. BAOBAB PHOSPHATE PROJECT SALE

1.1 SUMMARY OF THE TRANSACTION (NOW COMPLETE)

Under the Baobab Phosphate Project Sale agreement executed 28 June 2019 (Transaction) Avenira agreed to sell or assign all its rights and interests in the following assets to 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);
- The intercompany loan between Avenira and BMCC; and the intercompany loan between Avenira and BFA.

As part of the completed Transaction Avenira received a cash consideration of US\$3,000,000 (Cash Consideration), less Purchaser Loans of up to US\$300,000 (fully drawn at Transaction completion) and the Purchasers waived and forgave outstanding Director fees totalling A\$375,000.



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).

As part of the Transaction completion, Avenira has:

- Undertaken and completed a buy-back and capital reduction of all of the shares in Avenira held by the Purchasers and their related parties for nil consideration (effectively removing their shareholdings in Avenira); and
- assigned the existing Avenira Corporate Loan (current balance of US\$0.92M) to BFA.

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.

From the Transaction Date (being the date of execution of the Transaction Agreement) the Purchasers provided a Working Capital Facility for the benefit of BMCC. This facility was not to exceed US\$1.8M and was on the same terms as the previously announced BMCC Funding Agreements dated 16 May 2019. This amount was not repayable by Avenira.

2. BAOBAB PHOSPHATE PROJECT (Avenira 80%)

2.1 EXPANSION AND UPGRADE PROJECT

During the quarter no progress was made due to funding constraints.

2.2 SENEGAL TAX AUDIT

BMCC continued to manage the appeal request on the demand notice from the tax department for US\$1.6 million on outstanding VAT and WHT. This process is now the responsibility of the Purchasers.

3. WONARAH PHOSPHATE PROJECT, Australia NT (Avenira 100%)

The Company intends to commence a scoping study of the Wonarah project during the December 2019 quarter.

4. CORPORATE

4.1 BOARD AND EXECUTIVE UPDATES

New Non Executive Directors

Following Transaction Completion, Mr Kevin Dundo and Ms Winnie Lai Hadad have joined the Board as Non-Executive Directors.

Kevin Dundo

Mr Dundo is a practicing lawyer, specializing 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.



Winnie Lai Hadad

Ms 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.

Director Resignations

Messrs Tim Cotton and Louis Calvarin have resigned from the Board on October 22, 2019 as part of the Transaction completion.

4.2 CASH POSITION

At the end of the September 2019 Quarter, Avenira had a cash balance of \$0.2 million. The cash position as at the date of this report is \$3.5 million.

Schedule of Avenira Limited Tenements as at 30 September 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%
Senegal	Baobab	014015/MIM/DMG	80%
Senegal	Gadde Bissik	2018-1840	80%
