

Avenira secures first off-take

With first production fast approaching, Avenira Ltd has secured its first major off-take contracts for the Baobab rock phosphate project in Senegal.

Avenira confirmed last month it has signed rock phosphate supply agreements with to international fertiliser companies for 240,000-360,000 tpa off-take under a three-year term, which can be extended at the option of both parties.

Product will be delivered from Dakar port, with off-take pricing to be based on the global market pricing for equivalent rock phosphate product and set for semi-annual periods.

It is expected Avenira will announce further off-take contracts before production at Baobab begins later this year.

Avenira managing director Cliff Lawrenson said securing first off-take vindicated his company's decision to acquire the project 15 months ago.

"Getting people to commit to buy our product is pivotal in any resource-type play and so we've spent a lot of time with our potential off-take partners," Lawrenson told **Paydirt**.

"We've announced MoUs along the way, we've taken them along and we feel we will be welcomed into the industry because we've earned our space. We're not a big producer – 500,000 tpa to start with – so we'll earn our place in the market and we'll grow from that level."

Mining and construction activities have been ongoing at Baobab, 145km from Dakar port, since March.

Under the conditions of its mining li-



First production at Baobab is set to begin later this year

cence, Avenira is focused on a 5sq km permitted area of the project, containing 12.6mt @ 21% P2O5 of indicated resources and 16mt @ 20% P2O5 of inferred resources.

Lawrenson said his company, previously focused on the Wonarah phosphate project in the Northern Territory, had embraced the transition from explorer to developer to now impending producer.

"We think it's wonderful and we urge, especially third party people, to look carefully at what we've done and how we've deliberately gone about what we're doing and how we've contentiously de-risked this project," he said.

"The capital intensity of this project, in the phosphate space, is extremely low. There's no other project going into production with anywhere near this low capital intensity as this one and that's because of the nature of the orebody and the beneficiation process we've selected.

"We realise going into production comes with its own risks, but in our recruiting we've been very contentious about hiring both construction people and operating people in Senegal, so we don't see there being a big change. In fact, it will be gradual change rather than a step change."

Avenira, formerly known as Minemakers, has almost \$25 million

in the bank, ensuring the company will be funded up until the start of production.

The strong cash position is a result of a vital capital injection from one of Avenira's project partners, prominent West African agribusiness Groupe Miran, earlier this year.

"There's plenty of cash in the company, so we're not short," Lawrenson said. "This wasn't done on a 'just in time' funding basis and we deliberately didn't do that because we were mining for the first time.

"For us, having some capacity from a funding point of view we do see as essential, not a

luxury, but it does give us some flexibility."

While gold and lithium stocks have taken massive strides in the first half of 2016, rock phosphate prices have held firm at \$US115/t for the past six months, bucking the trend of many other commodities, including potash.

"The long-term fundamentals for nutrients, particularly phosphate, have never changed," Lawrenson said. "The bottom line is people have to eat and in order to feed the world we have to provide nutrients.

"There are three primary nutrients – phosphate, potash, nitrogen – and while you might not see spectacular movements like in lithium, phosphate will be, in our view, a steady performer with extremely strong fundamentals beneath it.

"The world continues to grow, consumption patterns are changing and people are demanding more and more nutrients. The only way you can do that is to provide nutrients and we are fortunate to be part of that story."

Meanwhile, Avenira has added UK-based mining executive Christopher Pointon, a former geologist with Rio Tinto Ltd and BHP Billiton Ltd, to its board as an independent non-executive director.

"Chris is a very strong mining executive who has an impeccable track record in the space," Lawrenson said.

"We do think the UK will become an important market for shareowners, but how that plays out we'll wait and see."

– Michael Washbourne



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