

# Baobab funded to production

Avenira Ltd has received a \$28 million capital injection from its new Senegalese JV partner, ensuring the company is funded through to the start of production at the Baobab phosphate project.

The financial close of the new partnership was completed early last month, with prominent West African agribusiness Groupe Mimran handing over \$US11.25 million for 20% of the issued capital in project company Baobab Mining and Chemical Corporation (BMCC).

Mimran Natural Resources, an affiliate company of Groupe Mimran, also transferred the 2,000sq km Gossas exploration permit, about 25km south of Baobab, to BMCC as part of the transaction.

Another affiliate, Tablo Corporation, was issued with almost 105 million fully paid ordinary Avenira shares at 11.7c/share, equating to a 19.9% stake in the ASX-listed phosphate hopeful.

David Mimran will also join the boards of both Avenira and BMCC.

The transaction will deliver Avenira about \$28 million in development funds, on top of the \$12 million of existing cash reserves it held at December 31, 2015.

Avenira managing director Cliff Lawrenson said the JV with Groupe Mimran would bring much more than just financial benefits to the company.

"Groupe Mimran is the biggest private company in Senegal and a major player in the agrisector in West Africa. You could not ask for a better local partner," Lawrenson told **Paydirt**.

"We are very happy with the valuation Groupe Mimran attached to the Baobab phosphate project, we are very happy with the fact that we are fully funded to production and we are very happy with the due diligence and scrutiny Groupe Mimran performed along the way. We always learn and have the opportunity to improve when others assess what we are doing.

"The investment is not only good for us, it validates and improves what we are doing because a third party has come in and formed the same view that we have in terms of value, in terms of project diligence and strategy."

Avenira is targeting first production from Baobab in the second half, having received the final environmental approvals for a small mine permit late last year. Mining began last month.

The company has put the wheels in motion to obtain a full mine permit, including partnering with a local company,



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increasing the project resource and extending the environmental impact studies and community development plans to accommodate the bigger footprint.

"We should have all the administration and works done during the course of this year, such that we can be granted a full mine permit in the first half of next year," Lawrenson said.

"The full mine permit has many benefits within the mining code, including substantial local tax advantages."

A maiden indicated resource of 12.6mt @ 21% P2O5 (based on a 15% cut-off grade) for the Gadde Bissik deposit was announced in December. Gadde Bissik also has an inferred resource of 87mt @ 19% P2O5, including 16mt @ 20% within the small mine permitted area.

Avenira has not completed a formal feasibility study, but did engage with a number of independent consultants in geology, metallurgy, mining and marketing as part of an internal study it conducted on the project.

"We completed an internal PEA and felt the additional cost of doing a third-party PFS would be a waste of money because the potential benefit it would have brought was not worth the costs and time spent going down a more formal route," Lawrenson said.

"Also, the small mine permit under which we currently operate provides six months from award to the start of mining, so we actually didn't have time for a formal third-party study.

"Groupe Mimran obviously looked at our internal study in making its invest-

ment decision so we are very comfortable it covers everything an external study would...we have had some queries [from shareholders] about what the numbers are and we will progressively release information as we get closer to production."

At the time of print, Avenira had signed at least six MoUs for quantities of product from Baobab, ranging from 50,000 tpa to 240,000 tpa. The combined total is almost double the company's initial production target.

Negotiations to convert those MoUs into formal off-take agreements are expected to keep Lawrenson and his team busy for the rest of this quarter, capping a whirlwind 12 months for Avenira since acquiring Baobab.

"We've done a lot over the last 12 months, including a name change [formerly Minemakers]. We had a grand plan and we've doggedly stuck to it," Lawrenson said.

"We did a placement [for \$3.1 million] in November to JP Morgan [Asset Management UK Ltd], a very prestigious resources fund and we have feedback that we are the envy of many because we were able to do that.

"JP Morgan will tell you that Avenira delivered what we said we were going to and we continue to deliver what we say we are going to. JP Morgan and others will continue to be supporters and acculturators as long as we keep delivering."

– Michael Washbourne