

30 January 2018

## DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

### HIGHLIGHTS

#### BAOBAB PHOSPHATE PROJECT

- Positive engineering studies conducted by Hatch on Baobab Expansion and Upgrade project opportunity
- Feasibility Study oriented work and approvals are progressing, with Final Investment Decision expected after completion of the Feasibility Study
- Third sale of rock phosphate product to customers completed in early January
- No lost time injuries during the period

#### CORPORATE

- Successfully raised A\$15 million via Entitlement Offer and Placement
- Repaid in full shareholder loans totalling US\$4.9 million plus interest
- Appointment of Mr Brett Clark as independent non-executive director
- Cash balance at 31 December 2017 of A\$2.4 million (final A\$3.6 million of the Entitlement Offer funds have been received in January)

Managing Director and CEO Louis Calvarin commented: *"Very significant strategy implementation steps have been taken during this December Quarter, including our successful Entitlement Offer, laying the foundations for our upcoming feasibility study and welcoming Brett to the Company Board of Directors. We look forward to the final investment decision on our Baobab Expansion and Upgrade project in the coming months, and to the transformational year ahead."*

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FOR FURTHER INFORMATION:

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Managing Director and CEO, Avenira Limited

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CFO and Company Secretary, Avenira Limited



## 1. BAOBAB PHOSPHATE PROJECT (Avenira 80%)

### 1.1 EXPANSION AND UPGRADE PROJECT

#### Background

During the 2017 calendar year, the Company has established a strategic plan for its Baobab Phosphate Project, focused first on a major expansion and upgrade of the existing Baobab Project's beneficiation plant at Gadde Bissik mine to bring it to a sustainable operational level, and subsequently on implementing next-step investments towards its longer-term objective of downstream integration.

Under the plan to expand and upgrade the existing ore beneficiation unit the Company engaged engineering firm Hatch to conduct a conceptual engineering study which delivered positive results detailed in the Company's announcement of 17 October 2017.

The planned expansion and upgrade of the existing ore beneficiation unit is expected to deliver a capacity and performance expansion of the existing Baobab processing facility at Gadde Bissik. The project includes a flotation step and a magnetic separation step to improve P<sub>2</sub>O<sub>5</sub> recovery from around 50% currently to around 70%, to reduce the silica assay and to control iron levels in the phosphate rock concentrate product, as well as a drying process unit to control product moisture at the commercial target at all times, annual wet season included. Following completion of the expansion and upgrade of the existing ore beneficiation unit, the nameplate production capacity is projected to be 1 Mtpa.

The 2017 conceptual engineering study concluded that upgrading the processing plant and increasing its nameplate capacity to 1 Mtpa of high-grade phosphate rock concentrate, could be undertaken for a total upfront capital expenditure of approximately US\$53.4 million (to ± 30% accuracy). This expansion should significantly improve product specifications and place the Baobab Project in a globally competitive unit operating cost position, on a quality adjusted basis.

Following the positive conceptual study the Company has embarked on the next phases of its strategic plan, to include more detailed engineering work, approvals and financing. The Company anticipates using a combination of debt and equity, supported by off-take agreements, to finance and implement the expansion and upgrade project. Private equity, off-takers and other strategic investors (including the Company's existing shareholders) will be targeted to cornerstone the equity component. For the debt, the Company has received preliminary interest from local and international banks and development finance institutions.

#### Forward Work Program

Following completion of the Entitlement Offer and Placement capital raising (detailed under section 4.2), the Company plans to expedite the remaining activities required to facilitate funding and make a Final Investment Decision on the expansion and upgrade project.

Though subject to change, this includes the following current targeted milestones:

Completion of Ore Reserve estimate	Q2 2018
Award of Large Mine Concession (Exploitation Permit)	Q1 2018
Feasibility Study Class 3 Cost Estimate and Ore Reserve estimate	Q2 2018



## 1.2 PROJECT DEVELOPMENT

Key areas of activity during the December 2017 quarter are listed below.

### Occupational Health and Safety

No medical treatment injury or lost-time injury during the quarter.

### Permitting

The Company awaits the approval from the Senegalese Government for an Exploitation Permit applied for in May 2017 in an expanded area of 75km<sup>2</sup> around its current Gadde Bissik Small Mine Permit.

### Mining & Processing

- The Company's operational priority is to complete the targeted 1 Mtpa nameplate capacity expansion and upgrade engineering and feasibility studies, whilst also securing off-take, approvals and financing. Once the final decision to invest will have been made, the Company's focus will shift to a successful implementation of this capital investment project. In the meantime, mining activities at Baobab Project, if any, are expected to be limited in scope.
- Mining activities have been on hold since they were interrupted due to the commencement of the wet season starting 1 September 17.
- Crushing and processing of mined ore from the ROM pad recommenced following the end of the wet season in preparation for the third shipment

### Bargny-Sendou Port

The Company has entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of this new bulk solids and liquids port development east of Dakar, from which exports will be shipped in the future. A port project construction kick-off ceremony was held on 27 November, and civil works (land clearing and levelling) have started since then.

### Local Community Consultation and Relocation

Avenira continued to collaborate closely with the local communities through the December 2017 Quarter. Starting with the inception of the rainy season in July and scaling back in operations, most local community members have been tending their fields and rotational employment at the Baobab Project has been scaled back to a minimum.

### Sales

On 19 January 2018 the Company announced that it had completed its third shipment. The vessel, loaded with 25,155 tonnes of Gadde Bissik phosphate rock concentrate departed from the port of Dakar. 1,646 tonnes of phosphate concentrate have been sold locally during the December 2017 Quarter.

### Other

In early January 2018 Senegalese subsidiary company, Gadde Bissik Phosphate Operations SUARL, received a VAT refund of XOF 1.6 billion (US\$2.9 million) on its outstanding VAT receivable from the Senegalese Tax Authority following approval from the Senegalese Tax Commissioner.



### 1.3 GEOLOGY AND EXPLORATION

#### **BAOBAB PROJECT**

##### Gadde Bissik Area

The project location is shown in Figure 1.

No exploration drilling has been undertaken during the December 2017 quarter.

Assays data for 34 diamond holes, for the most part located between the Gadde Bissik East and Gadde Escalé prospects, at 250 x 250 m and 500 x 500 m grid spacing, have become available. Results confirm the phosphate sequence continuity to the East of the Gadde Bissik East prospect (Figure 2).

No drilling is planned for the first quarter of 2018 in the Gadde Bissik area.

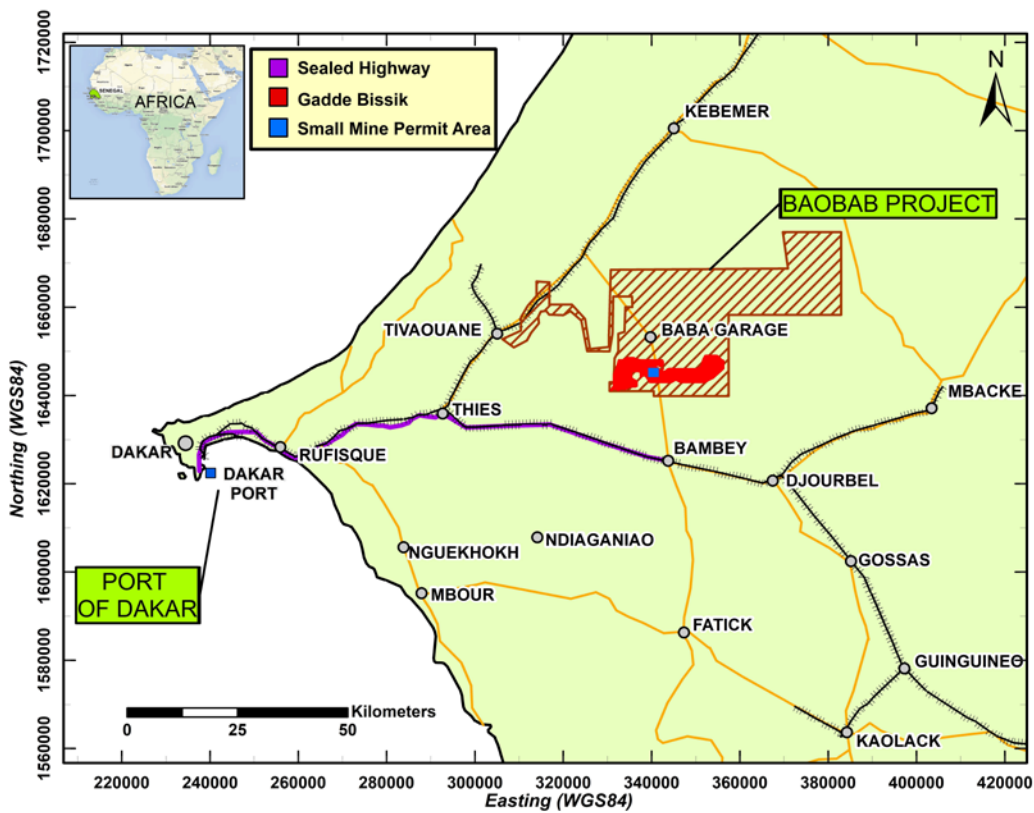


Figure 1: Project location plan

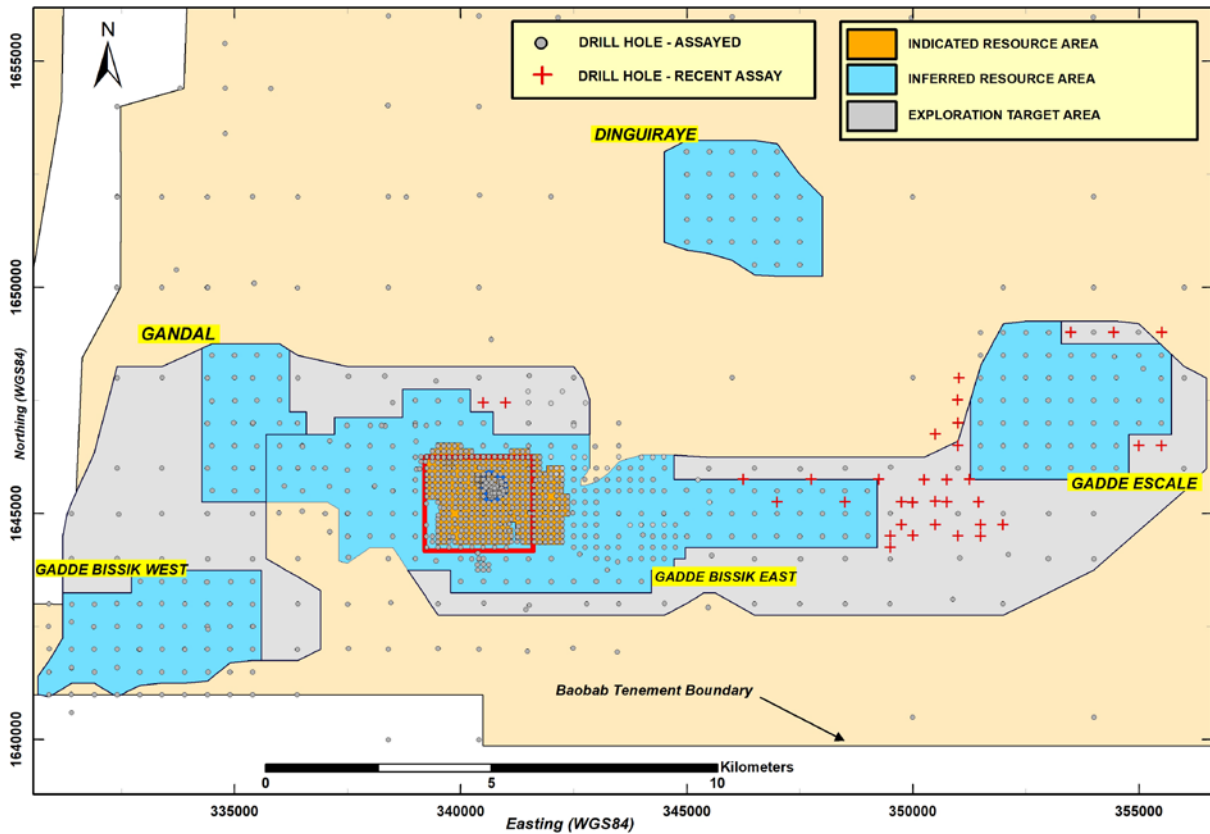


Figure 2: Drill status plan and resource outlines for Gadde Bissik area. Small mine permit outline in red. Pit outline in blue. Drilling status as at 31 December 2017.

## Mining Support

During the December quarter, 10 air core holes at 250 x 250 m grid-spaced have been drilled, mainly outside and along the west border the SMP perimeter (Figure 3 and Table 1). The aim was to confirm condemnation of areas for construction of future infrastructure and processing facilities. Pending receipt of assays, there appears no reason for any change to the planned footprint; the phosphate horizon, though present, is too thin and deep to have economic potential.. One hole intercepted a 5 m thick phosphate sequence, however visual sample observations suggest a low-grade mineralization.

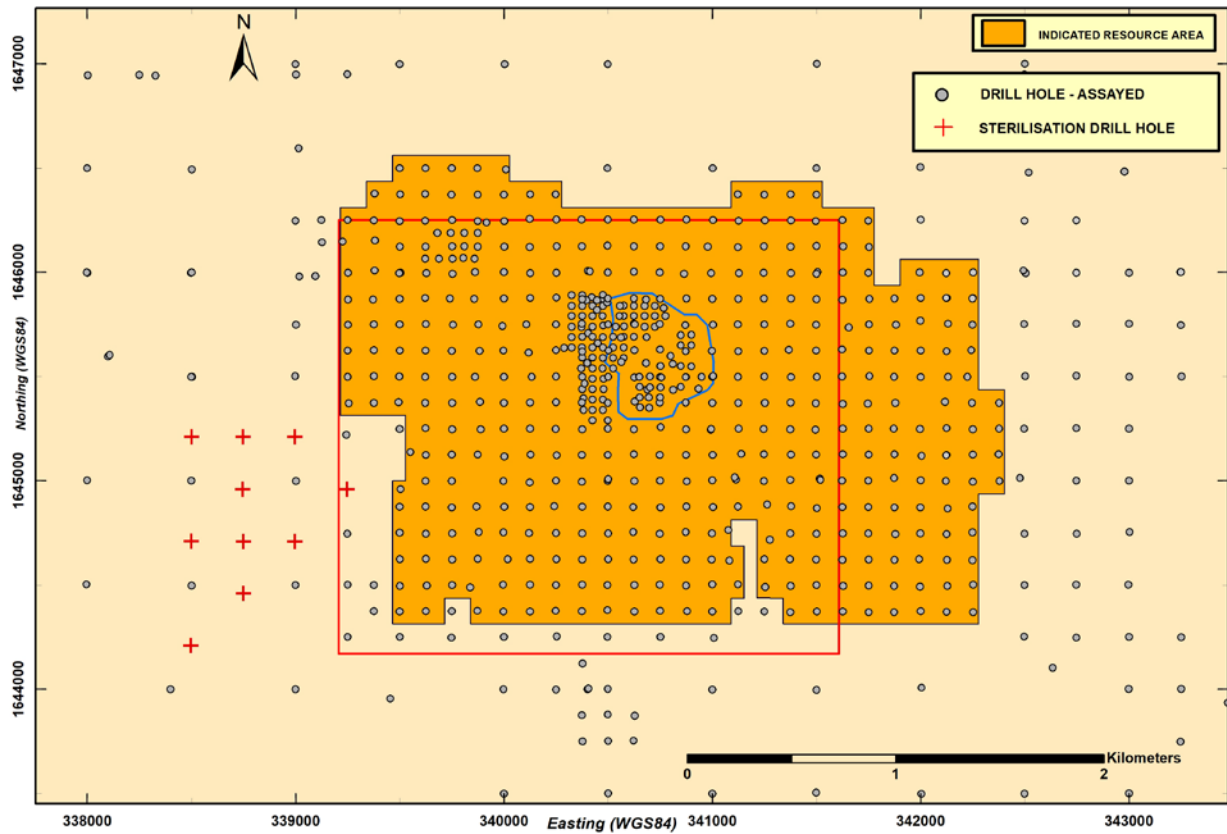


Figure 3: Sterilisation drill holes' location. Small mine permit outline in red. Pit outline in blue.

### Drilling Statistics

Tenement	Purpose of drilling	AC		DD	
		Holes	Metres	Holes	Metres
BAOBAB	Regional exploration	-	-	-	-
	Resource definition	-	-	-	-
	- Within SMP	1	47		
	- Outside SMP	9	408	-	-
<b>TOTAL</b>		<b>10</b>	<b>455</b>	<b>-</b>	<b>-</b>

Table 1: Drilling statistics – December 2017 Quarter



## 2. JDCPHOSPHATE, INC. (Avenira ≈ 7%)

Avenira owns a minority position of approximately 7% of JDC Phosphate, Inc. (JDCP) and has an exclusive license to utilise the Improved Hard Process (IHP) technology in Senegal and Australia for an extended period of time.

Timothy Cotton, CEO of JDCP commented "*JDCP is making good progress towards the modification of its facility in Fort Meade, Florida and expects to complete the construction activities during February 2018.*"

Shareholders are encouraged to view the JDCP website <http://jdcphosphate.com/>

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

The Company continues to take action to reduce the holding costs of the Wonarah project until the commercial validation of the IHP technology.

## 4. CORPORATE

### 4.1 BOARD CHANGES

On 14 December 2017 the Company announced the appointment of Mr Brett Clark as an independent non-executive director.

### 4.2 FINANCING

On 9 June 2017, the Company announced its three-stage plan to secure the financing required to fund the completion of the expansion and upgrade investment and the Company's ongoing working capital requirements. The first stage was to secure short-term financing in June 2017 by way of shareholder loans from shareholders Tablo and Agrifos totalling US\$4.9 million (**Shareholder Bridge Loans**). In October 2017 the Company drew down the remaining US\$1.3 million available under the Shareholder Bridge Loans.

The second stage was a renounceable pro rata entitlement offer (**Entitlement Offer**) of new shares to raise up to A\$13 million (before costs) to progress the strategic plan and to fund the repayment of the Shareholder Bridge Loans. The final stage of funding will comprise a combination of debt and equity with a significant capital raising likely to take place within the next 6 to 12 months.

#### Entitlement Offer

The Entitlement Offer was announced to the ASX on 24 October 2017 and successfully closed on Wednesday 22 November 2017 raising A\$13 million (before costs). Under the Entitlement Offer, eligible shareholders were offered the opportunity to subscribe for nine (9) New Shares (**New Shares**) for every twenty (20) existing shares they hold at an issue price of 4.8 cents per Share.

The Entitlement Offer was well supported by eligible shareholders, with valid applications received for a total of 144,685,470 New Shares, resulting in gross proceeds raised of A\$6,944,903. The number of New Shares offered under the Entitlement Offer was 270,833,345 which resulted in a shortfall of 126,147,875 (Shortfall).

The Shortfall Shares were allocated in accordance with the Shortfall Allocation Policy detailed in the Offer Document. The Company received subscriptions for 40,362,500 Shortfall Shares from Tablo Corporation and 85,785,375 Shortfall Shares from Agrifields DMCC, the Underwriters of the Entitlement Offer. The Agrifields Shortfall Shares were paid for in two tranches: A\$500,000 was received on 13 December 2017 and A\$3,617,698 was received in January 2018.



A portion of the funds from the Entitlement Offer was used to repay, in full, the Shareholder loans to Tablo Corporation of US\$2.94 million plus interest and to Agrifos Partners LLC of US\$1.96 million plus interest.

## Placement

In addition to the Entitlement Offer, the Company completed a placement offer of 41,666,667 ordinary shares to clients of Foster Stockbroking Pty Ltd, the Company's lead manager to the Entitlement Offer, at an issue price of 4.8 cents per share, raising A\$2 million (before costs) (**Placement**). The Placement was carried out under the Company's existing placement capacity.

Therefore, the total amount raised via the Entitlement Offer and Placement was A\$15 million (before costs).

## 4.3 CASH POSITION

At the end of the December 2017 Quarter, Avenira had a cash balance of \$2.4 million. This is before receipt of VAT recovery funds and final underwriting funds from Entitlement Offer received in January 2018.

Breakdown of cash movement for the December 2017 quarter:

Wonarah Project (including tenement maintenance costs) and JDGP	(\$0.06m)
Baobab Phosphate Project <sup>(i)</sup>	(\$4.10m)
Net Admin and Corporate	(\$0.47m)
Net Proceeds from equity issue and borrowing (includes loan repayments)	\$5.89m

(i) Includes receipts from local sales





## Schedule of Avenira Limited Tenements as at 31 December 2017

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	14626/MIM/DMG	80%
Senegal	Gadde Bissik	09810/MIM/DMG	80%

### Compliance Statement

Information in this report relating to Exploration Results or estimates of Mineral Resources or Ore Reserves has been extracted from the reports listed below. The reports are available to be viewed on the company website at: [www.avenira.com](http://www.avenira.com)

#### **Baobab Project:**

27 April 2015: Minemakers to acquire a potential near-term production rock phosphate project in the Republic of Senegal

11 May 2015: Minemakers delivers maiden Inferred Resource for Baobab Rock Phosphate Project in Republic of Senegal

22 September 2015: Baobab project update

7 December 2015: Maiden Indicated Mineral Resource at Baobab Phosphate Project

21 January 2016: Technical Report Mineral Resource Estimation for the Gadde Bissik Phosphate Deposit, Republic of Senegal

28 October 2016: September 2016 Quarterly activities report

23 February 2017: Baobab exploration results update

2 March 2017: Significant increase to Indicated Mineral Resource at Baobab Phosphate Project.

9 June 2017: Company Update (Strategic Plan)

31 July 2017: June 2017 Quarterly Activities Report

11 September 2017: Baobab Exploration Results Update

12 October 2017: Mineral Resource increase at Baobab Phosphate Project

#### **Wonarah Project:**

15 March 2013: Technical Report Mineral Resource Estimation for the Wonarah Phosphate Project, Northern Territory, Australia

30 April 2014: Quarterly activities report

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this document relative to markets for Avenira trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Avenira does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.