AVENIRA
LIMITED

2016
annual report

HIGHLIGHTS

THE VISION

Avenira Limited has a long-term vision to develop a portfolio of agricultural minerals and production assets that will build long term shareholder value by supplying the agricultural nutrients needed to help address a fundamental issue of global food security.

CORPORATE STRATEGY

To become a major contributor to the world nutrient market through the development of a carefully selected portfolio of valuable phosphate and other nutrient projects.

BAOBAB, SENEGAL (80% OWNED)

- Senegal is stable and mining friendly
- Phosphate is a vital commodity
- Sedimentary rock phosphate mineralisation
- Simple open pit mining, unconsolidated sand
- Wet screening plant commissioned August 2016
- Production commenced August 2016
- First shipment expected second half 2016
- Good proximity to existing markets
- Progress to full Mining Concession underway

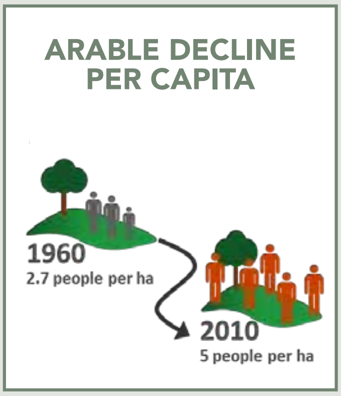
WONARAH, AUSTRALIA (100% OWNED)

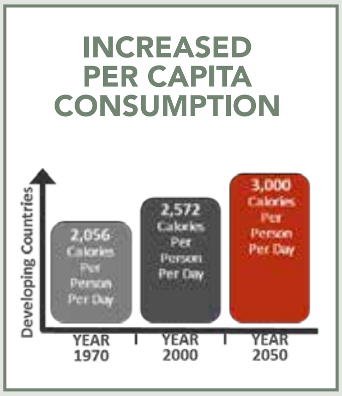
- One of Australia's largest known JORC and NI 43-101 compliant phosphate resources
- Validation of IHP technology is required to liberate value in Wonarah

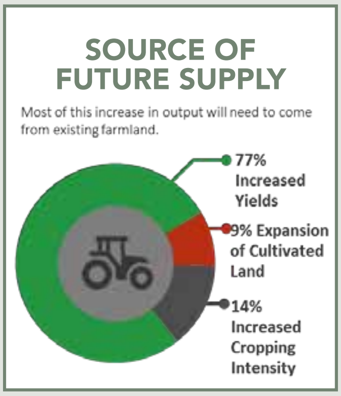
JDCPHOSPHATE, USA (APPROX. 8% HOLDING)

- JDCP owns a proprietary phosphate technology, Improved Hard Process (IHP)
- Validation of IHP delayed due to now resolved technical issues and ongoing funding activities
- Avenira is currently the only licensee for IHP with exclusive rights for Australia and Senegal

THE IMPORTANCE OF NUTRIENTS







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CORPORATE INFORMATION

ABN 48 116 296 541

DIRECTORS

Richard H (Dick) Block
(Independent Non-executive Chairman)

Cliff Lawrenson
(Managing Director and CEO)

Ian McCubbing
(Independent Non-executive Director)

Timothy Cotton
(Non-executive Director)

Farouk Chaouni
(Non-executive Director)

David Mimran
(Non-executive Director)

Christopher Pointon
(Independent Non-executive Director)

COMPANY SECRETARY

John Ribbons
Rodney Wheatley

REGISTERED OFFICE

Ground Floor, 20 Kings Park Road
West Perth, WA 6005

PRINCIPAL PLACE OF BUSINESS

Ground Floor, 20 Kings Park Road
West Perth, WA 6005

SOLICITORS

Richard O'Shannassy & Co Pty Ltd
Level 3, 46 Ord Street
West Perth, WA 6005

DLA Pipes Australia
Level 31, Central Park
152-158 St Georges Terrace
Perth, WA 6000

BANKERS

National Australia Bank Limited
1232 Hay Street
West Perth, WA 6005

SHARE REGISTER

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: 1300 787 272

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

INTERNET ADDRESS

www.avenira.com

EMAIL ADDRESS

frontdesk@avenira.com

STOCK EXCHANGE LISTING

Avenira Limited shares are listed on the:
Australian Securities Exchange (Code: AEV)

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

Dear Fellow Shareholders

It is a great pleasure to present a review of what has been a transformational year for Avenira Limited.

Over the past 12 months, Avenira has made substantial progress in developing the Baobab Phosphate Project in Senegal culminating in the achievement of first production in August 2016. Delivery of this significant milestone strongly aligns with the Company's strategy to create shareholder value through the development of resource projects with a specific focus on the macro-nutrients sector.

Significantly, having secured the Baobab Phosphate Project in September 2015, Avenira has moved quickly and diligently, on time and on budget, through all the required development steps to successfully achieve first production. These development steps have included geological work, feasibility studies, permitting, raising of finance, design and installation of mine plant, infrastructure arrangements, product offtake, mining and production of final product. The Baobab Phosphate Project is set to become the cornerstone asset for Avenira, producing a quality product while providing substantial upside through production and resource expansion.

The Board and management of Avenira continue to strongly believe in the long term fundamentals of the macro-nutrient sector, given the growing food requirements of an expanding world population. Efficiency of food production is becoming increasingly important and phosphate is a key input and integral part of this process.

Avenira continues to maintain its investment in JDCPhosphate's Improved Hard Process technology and the long-term potential to commercialise the Wonarah Phosphate Project in Australia.

BAOBAB PHOSPHATE PROJECT

As at 30 June 2016, Avenira had progressed the Baobab Phosphate Project to the point of advanced mining activities, with the processing plant and supporting site infrastructure nearing completion. Subsequently, the processing plant was commissioned and first product was produced, marking a significant milestone in the Company's history. Stage 1 of the Baobab Phosphate Project is designed to produce 500,000 tonnes per annum of phosphate product, with a Stage 2 expansion planned following the achievement of steady-state production. The mining process is low cost and uncomplicated and the processing plant is similarly cost effective, employing a simple wet-screening process to beneficiate to final product.

Offtake contracts were executed with Polyserve Import Export and Trade, Getax Agrifert DMCC and Actatrade SA in July and August 2016. The combined offtake agreements account for between 360,000 and 480,000 tonnes per annum of production for the first three years, representing almost all of the expected annual production.

The excellent initial demand for the Baobab phosphate product vindicates the decision to employ a staged approach to project development. An increase in production is planned in 2017, once a full mining concession is secured.

WONARAH PHOSPHATE PROJECT AND JDCPHOSPHATE

The Board continues to believe in the long term merits of Avenira's investment in JDCPhosphate and the Improved Hard Process technology, as well as the Wonarah Phosphate Project in the Northern Territory.

Improved Hard Process technology is a potentially disruptive technology in the phosphate industry and consequently Avenira will maintain its investment and licenses to both the Australian and Senegalese markets. While development of the technology remains the priority of JDCPhosphate, Avenira expects that this may take further time and investment to validate on a commercial scale.

The Wonarah Phosphate Project continues to be included as part of Avenira's longer term strategy, however it will require an enabling technology, such as Improved Hard Process technology, to become commercially feasible at current phosphate prices.

CONCLUSION

Given the outstanding progress made over the past year we would like to thank, in particular, our on-site staff in Senegal for efficiently and professionally bringing the Baobab Phosphate Project to production. More broadly, we thank our fellow Board members and our small team of corporate staff for their enthusiasm and effort throughout the year.

To our shareholders, thank you for supporting the Company during this transformational period. The acquisition and subsequent development of the Baobab Phosphate Project has already delivered strong returns to shareholders and we expect this to continue as we progressively deliver our strategy.

R. H. Block

Dick Block
Chairman

Cliff Lawrenson
Managing Director and CEO

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Avenira Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Richard H (Dick) Block, B.Sc (Chemical Engineering), *(Non-executive Chairman)*

Experience & Expertise

Dick Block is a US based mining and processing industry executive with 4 decades' experience in the fertiliser and base and precious metals businesses. The majority of his career was with the Freeport-McMoRan group of companies, where he rose to Executive Vice President and Chief Operating Officer of Freeport-McMoRan Inc. and senior vice president of Freeport-McMoRan Copper & Gold Inc. In addition, he was President of two of the world's largest phosphate mining and fertiliser producing firms, Agrico Chemical Company and IMC-Agrico Company. Further, he was deeply involved in Queensland Nickel JV in Australia in the 1980s.

Mr Block has been a senior executive or member of the board of directors of six NYSE and TSE listed firms, including Amax Gold Inc. and Kinross Gold Corporation. Also, he has been a member of the board of a number of trade, non-profit and charitable organisations, including the International Fertiliser Industry Association, the Fertiliser Institute, the Phosphate Chemicals Export Association (Phos Chem), the Sulphur Institute, United Way of the North Shore and Illinois Public High School District 115.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

Cliff Lawrenson, B.Com. (Hons), *(Managing Director and CEO)*

Experience & Expertise

Cliff Lawrenson joined Avenira after holding the position of Chief Executive Officer of FerrAus Limited which he led to a recommended takeover by Atlas Iron Limited in December 2011. Mr Lawrenson held the position of group Chief Executive Officer of GRD Limited from 2006 which incorporated GRD Minproc Limited, OceanaGold Limited and Global Renewables. Prior to joining GRD Limited, Mr Lawrenson was a senior executive and Vice President of CMS Energy Corporation in the United States of America and Singapore.

He has worked extensively in investment banking around the world and holds postgraduate qualifications in Finance and Strategy.

Mr Lawrenson has served on several boards in international locations where he led the development and financing of numerous major infrastructure projects. He is also Non-executive Chairman of Pacific Energy Limited.

Other Current Listed Company Directorships

Non-executive Chairman of Pacific Energy Limited from August 2010

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

Richard O'Shannassy, B.Juris., LL.B. (Hons), *(Non-executive Director – Resigned 14 March 2016)*

Experience & Expertise

Richard O'Shannassy is a commercial lawyer with over 30 years' experience in the mining and energy sectors. He has experienced private legal practice, including conducting his own practice in Perth for nearly 20 years, as well as in-house roles. He has served upon mining industry committees over a number of years and is a member of Australian Mining and Petroleum Law Association Inc.

Other Current Listed Company Directorships

Non-executive Director of Brierty Ltd from September 2011

DIRECTORS' REPORT (cont…)

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities until resignation

Member of the Audit Committee

Chairman of the Remuneration and Nomination Committee

Ian McCubbing, B.Comm (Hons), MBA(Ex), CA, GAICD *(Non-executive Director)*

Experience & Expertise

Ian McCubbing is a Chartered Accountant with more than 25 years corporate experience, principally in the areas of accounting, corporate finance and mergers and acquisitions. He has spent more than 15 years working with ASX-200 and other listed companies in senior finance roles including positions as finance director and Chief Financial Officer in mining and industrial companies.

Other Current Listed Company Directorships

Non-executive Director of Swick Mining Services Limited from August 2010

Non-executive Director of Kasbah Resources from March 2011

Non-executive Chairman of Rimfire Pacific Mining NL from July 2016

Former Listed Company Directorships in the last 3 years

Non-executive Director of Mirabela Nickel Limited from January 2011 to April 2014

Special Responsibilities

Chairman of the Audit Committee

Member of the Remuneration and Nomination Committee

Timothy Cotton, B.Comm (Hons), *(Non-executive Director – appointed 23 September 2015)*

Experience & Expertise

Timothy Cotton has over two decades of experience in the phosphate mining and fertilizer sector, with a strong focus on business and project development, strategic transactions, M&A and finance. Mr. Cotton is Vice Chairman and a principal in the Agrifos Group of companies, which include Agrifos Partners LLC, Baobab Partners LLC and Vulcan Phosphates LLC. The Agrifos Group is a significant shareholder in Avenira and in JDCPhosphate, Inc. Mr. Cotton began his career in the merchant banking department of Kidder, Peabody & Co., later becoming a Vice President at Lepercq, de Neuflize & Co., a New York-based investment bank. Mr. Cotton formed the Agrifos Group with his partner, Mr. Farouk Chaouni, in 1993. In addition to his role in the Agrifos Group, Mr. Cotton is a Director of Zalagh Holding S.A., an integrated poultry company, and MedInstill LLC, a medical device company.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

Member of the Audit Committee

Member of the Remuneration and Nomination Committee

Farouk Chaouni, MBA, *(Non-executive Director – appointed 19 November 2015)*

Experience & Expertise

Farouk Chaouni was involved in numerous transactions in the U.S. phosphate fertilizer industry including acquisition of the fertilizer assets of W.R. Grace (Seminole Fertilizer), the acquisition of the Wingate Creek Mine, and the re-commissioning of Mississippi Chemical Pascagoula phosphate fertilizer plant. Mr. Chaouni served as the Chairman of Seminole Fertilizer until its sale to Tosco in 1989. In 1998, Mr. Chaouni was instrumental in Agrifos's acquisition of ExxonMobil's Pasadena phosphate fertilizer plant, which was converted to an ammonium sulphate plant in 2011 and sold to Rentech Nitrogen Partners in 2012. Prior to launching his entrepreneurial activities in the U.S., Mr. Chaouni was the commercial Director of Office Chérifien des Phosphates (OCP) the large Moroccan phosphate company, where he was responsible for worldwide phosphate rock and fertilizer sales and raw material purchases.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

DIRECTORS' REPORT (cont...)

David Mimran *(Non-executive Director – appointed 2 March 2016)*

Experience & Expertise

David Mimran has tremendous knowledge and experience in operation within West Africa. Mr. Mimran is head of Tablo Corporation, Miminvest SA, and Mimran Natural Resources, all established as investment vehicles into West Africa's natural resource sector by Mr. Mimran and the Mimran Group, a family conglomerate with a history of successful business operations in Africa and Europe. Mr. Mimran's previous roles included Vice Chairman and founding partner of Breeden Partners, L.P. from 2006 to 2012, an actively managed investment fund focused on value generation in U.S. public companies, and Vice Chairman of Milestone Merchant Partners, a Washington-based investment bank from 2003 to 2005. Prior to 2003, Mr. Mimran served as the President of several food processing, grain and shipping companies across Europe and West Africa. He has served as a director and principal to the Bank of West Africa (CBAO), one of the largest banking groups in the region, as well as Archer Daniels Midland Company.

Other Current Listed Company Directorships

Non-executive Director of Taranga Gold Corporation from October 2015.

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

Dr. Christopher Pointon, BSc (Hons), PhD (Geology), (Non-executive Director – appointed 30 June 2016)

Experience & Expertise

Dr. Christopher Pointon who is based in the United Kingdom, is a respected mining executive with deep public company board and operational management experience. Dr. Pointon trained as a geologist and has over 35 years experience in the resources business, initially with Rio Tinto and subsequently with Royal Dutch/Shell, Gencor, Billiton and BHP Billiton where he was a member of the Executive Committee from 2001 to 2006. He has since served on the boards of a number of public and private companies. His experience includes exploration, operations management, mergers, acquisitions, post-transaction integration and change management. He has led acquisition and aggressive growth initiatives as well as major turn-arounds and divestments and he has operated in Australia, Africa, Asia, South America and Europe.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

African Eagle Resources plc

Special Responsibilities

Member of the Audit Committee

Chairman of the Remuneration and Nomination Committee

COMPANY SECRETARY

John Ribbons, B.Bus., CPA, ACIS

Mr John Ribbons is an accountant who has worked within the resources industry for over 20 years in the capacity of company accountant, Group Financial Controller, Chief Financial Officer or Company Secretary.

Mr John Ribbons has extensive knowledge and experience with ASX listed production and exploration companies. He has considerable site based experience with operating mines and has also been involved with the listing of several exploration companies on the ASX. Mr Ribbons has experience in capital raising, ASX and TSX compliance and regulatory requirements. Currently, Mr Ribbons is a director of Montezuma Mining Company Limited. Mr Ribbons has not held any Former Listed Company Directorships in the last 3 years.

Rod Wheatley, B.Bus., CPA

Rod Wheatley is a senior accountant who has worked within the oil and gas, and resource industry for in excess of 13 years in the capacity of company accountant, Group Financial Controller and Chief Financial Officer.

Mr Wheatley joined Avenira in 2009 as group financial controller. He was appointed chief financial officer in 2011 and Joint Company Secretary in July 2013. Prior to joining Avenira, Mr Wheatley held senior accounting positions in a number of ASX and AIM listed production and exploration companies. He has extensive experience in management and project accounting, financial reporting at national and international levels and mergers and acquisitions.

DIRECTORS' REPORT (cont...)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares rights and options of Avenira Limited were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
Dick Block	500,000	2,500,000	-
Cliff Lawrenson	2,351,868	15,000,000	3,750,000
Ian McCubbing	400,000	1,500,000	-
Timothy Cotton*	154,000,000	94,000,000	40,000,000
Farouk Chaouni*	154,000,000	94,000,000	40,000,000
David Mimran	104,750,000	-	-
Christopher Pointon	-	-	-

*Mr Timothy Cotton and Mr Farouk Chaouni collectively hold shares, options and share rights through their related parties, Baobab Partners LLC and Vulcan Phosphates LLC.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was the acquisition and development of the Baobab Phosphate Project in the Republic of Senegal ("Baobab Phosphate Project"). The Group's operations are discussed in the Review of Operations section of this report.

The activities of the Group changed significantly during the year. The Group:

- Acquired 100% of the Baobab Phosphate Project. Details of the acquisition are contained in Note 36 of the financial statements.
- Sold 20% of the Baobab Phosphate Project. Details of the sale are contained in Note 30 of the financial statements.
- Transitioned from the mining exploration stage to the mining development stage with the decision to commence mining at the Baobab Phosphate Project.

CONSOLIDATED RESULTS

	YEAR ENDED 30 JUN 2016 $	YEAR ENDED 30 JUNE 2015 $
Consolidated (loss) before income tax expense	**(9,464,695)**	(43,018,117)
Income tax expense	**-**	-
(LOSS) FOR THE YEAR	**(9,464,695)**	(43,018,117)

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and likely developments and expected results is included in the Operating and Financial Review set out below.

BAOBAB PHOSPHATE PROJECT (80% OWNED)

In September 2015 the Company acquired 100% of the Baobab Phosphate Project a potential near-term production rock phosphate project in the Republic of Senegal from Baobab Partners LLC, an affiliate of Agrifos Partners LLC ("Agrifos"). Agrifos is an affiliate of Vulcan Phosphates LLC ("Vulcan"), which is a co-investor with Avenira Limited ("Avenira) in JDCPhosphate Inc. (JDCP) and a major Avenira shareholder.

In November 2015 the Company took the decision to commence mining of the Baobab Phosphate Project located within the Gadde Bissik Small Mine Permit ("SMP") license area.

DIRECTORS' REPORT (cont...)

THE REPUBLIC OF SENEGAL

OVERVIEW

- One of Africa's most stable and successful democracies (IMF 2010) with a stable and investor friendly social and political environment
- Population of circa 14.6 million (2014 estimate)
- Substantial progress in combatting poverty, improving social
- infrastructure and advancing its economic emergence (IMF)
- GDP of USD15.5 billion (World Bank 2014)

MINING FRIENDLY LOCATION

- Established mining industry with phosphates as primary exports
- Mining code implemented in 2003, administered by Ministry of Mines
- State involvement constructive and transparent
- Good connected infrastructure and qualified workforce
- Several ASX or TSX companies are in successful development and operations in Senegal
- Effective Senegalese Chamber of Mines

GEOLOGY AND EXPLORATION

Phosphate mineralisation in the greater Gadde Bissik prospect region, within the Baobab tenement, was initially identified from material recovered from water wells excavated during the 1950s. The easternmost of the wells lie just within the Gadde Bissik East resource area. A review of historic reports, conducted in 2012 by the commercial arm of the French Geological Survey (BRGM) for Agrifos West Africa, identified a broad area at Gadde Bissik of 4 x 8 kilometres as a high priority target for phosphate exploration along with several other prospects across the broader Baobab tenement.

Drilling within the broader Gadde Bissik area commenced in May 2014. The initial phase consisted of broad-spaced drilling on a predominantly 2000 x 2000 metre grid with infill drilling to 1000 x 1000 metres and 500 x 500 metres in what is now the Gadde Bissik West resource area. Two holes drilled on the easternmost line of the 2000 x 2000 metre grid in June 2014 had significant high grade mineralisation and warranted an extension of the exploration grid to the east. Drilling was able to define an area of higher grade and thicker mineralisation at the Gadde Bissik East prospect which has subsequently been substantially drilled out at either 250 x 250 metres and 125 x 125 metres spacing to define a Mineral Resource.

A maiden Indicated Resource estimate was completed by MPR Geological Consultants and released to the market on 7 December 2015. The total Indicated Resource estimate stands at 12.6 Mt at 21.0% P_2O_5 all contained within the SMP. The SMP also contains an Inferred Resource of 16Mt at 20% P_2O_5. A further Inferred Resource of 64Mt at 19% P_2O_5 was estimated for Gadde Bissik East outside the SMP and a small Inferred Resource of 7Mt at P_2O_5 was estimated for Gadde Bissik West. A technical report prepared by MPR Geological Consultants is available to be viewed on the company web-site. The resource estimate is summarised in the Annual Mineral Resource Statement following and a plan showing the resource areas is included as Figure 2. Areas drilled out to 500 x 500 metre grid spacing are included in the Inferred Resource estimate. The resource estimate is based on 339 aircore holes and 139 diamond cored holes for a total of 17,906 metres of drilling.

DIRECTORS' REPORT (cont...)

Diamond drilling recommenced in April 2016 aimed predominantly at increasing the 125 x 125 metre grid coverage within and adjacent to the SMP to provide data to support an increase in the Indicated Resource estimate. This program is still ongoing both within and adjacent to the SMP and should be completed in the final quarter of 2016. Following completion of this drilling it is anticipated that an update to the current JORC resource will be undertaken.

During the reporting period to the end of June 2016, 130 diamond cored holes were drilled for 5,516 metres. The majority of holes were drilled within the SMP.

Beyond the SMP and near environs, a scout aircore drilling program was undertaken to the east of the SMP in December 2015 and January 2016.The program was on predominantly 4000 x 4000 metre and 2000 x 2000 metres grid spacing. A total of 26 holes for 1015 metres was completed. The drilling intersected phosphate mineralisation up to 8 metres thick and a follow up program has been schedule for the second half of 2016.

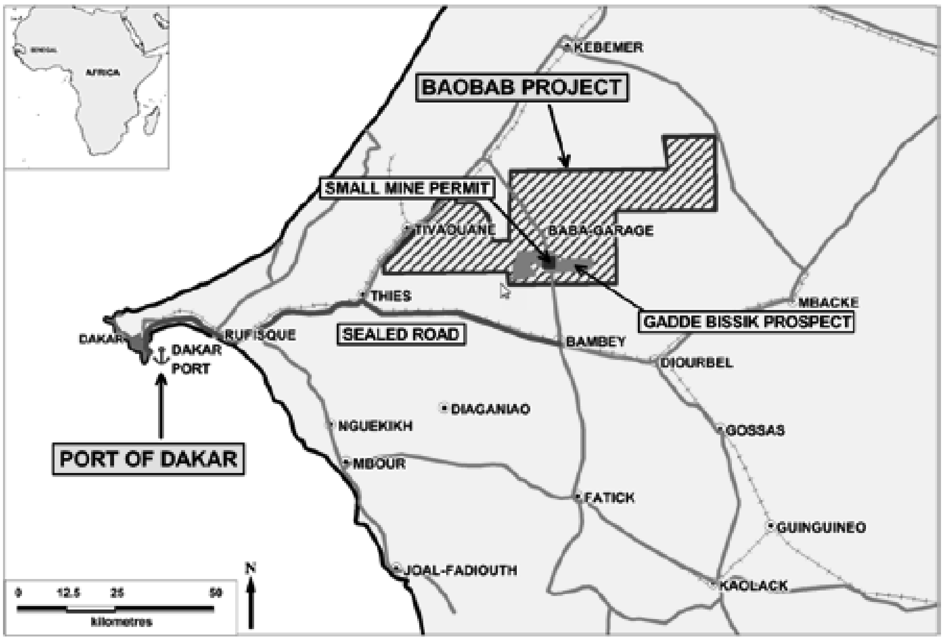


Figure 1: Tenement and Gadde Bissik prospect location

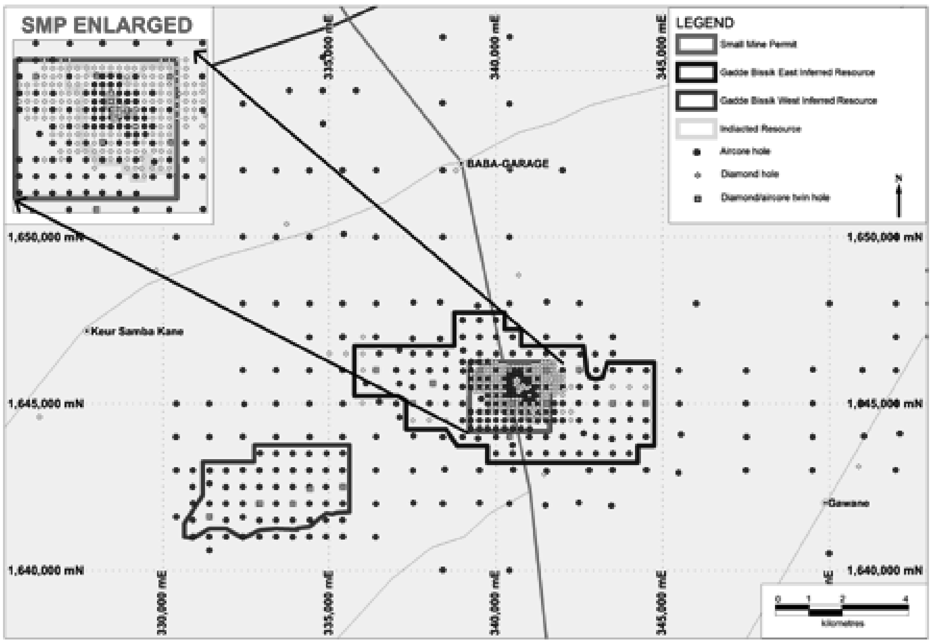


Figure 2: Resource outline and drill status plan – Gadde Bissik

DIRECTORS' REPORT (cont...)

PROJECT DEVELOPMENT

The work program for development of the Gadde Bissik Project commenced in mid-2015, prior to the decision to mine in November 2015. This early work allowed confirmation of the long lead tasks within the development schedule and subsequent optimisation of the development timing.

SMALL MINE PERMIT (SMP)

A SMP for the Baobab Phosphate Project was granted in May 2015. The Environmental Impact Statement was approved at the end of October 2015 together with the associated Community Relocation and Compensation Plan.

MINING

A mining contract was signed with a Senegalese contractor, Agromines SUARL in December 2015. The contract was structured to allow continuation of mining after the Stage 1 open pit, allowing operations to be continuous once pre-stripping commenced.

Mobilisation of the mining fleet was undertaken through January 2016 and February 2016, with pre-stripping commencing for the Stage 1 open pit in March 2016.

From March to May 2016 mining efficiencies and operating methods were continuously improved in line with the mining schedule developed with the assistance of Australian Mining Consultants ("AMC").

The first phosphate horizon was uncovered in the third week of July 2016.

The first phosphate was mined at the end of August 2016.

Mining of the phosphate mineralisation demonstrated that efficient grade control can be achieved visually during daylight hours, with the mining geology team trained to supervise phosphate mining.

Pre-stripping of Stage 2 open pit commenced in late June 2016 ensuring continuity of phosphate mineralisation after completion of Stage 1.

AMC continues to assist with on-going mine design and scheduling within the SMP as development progresses.

INFRASTRUCTURE/LOGISTICS

Discussions with the Port of Dakar for the provision of port storage areas and for longer term export capacity resulted in a contract for port services signed with TVS Necotrans, the port services provider, at the end of November 2015.

A tender process for road transport of product took place through January 2016 and February 2016 with a contract signed with Sogotrans, a Senegalese transport company with phosphate rock transport experience, in June 2016.

WATER SUPPLY

The water drilling for the Baobab Phosphate Project was undertaken by Bauer Resources Senegal.

The scope provided for the drilling and equipping of two process water bores drilled to a depth of 500m and three bores for local community use.

Drilling commenced for the two process water bores in late February 2016, with both bores successfully completed and equipped in August 2016, yielding sustainable water flows greater than planned. Final surface piping for these bores was completed at the end of August 2016.

The community bores have been drilled and tested with two of the three providing suitable water flows. It is planned to equip these bores with solar pumping systems.

PROCESSING

Design and engineering for the processing facility was developed with Consulmet (Pty) Limited, a South African based engineering and construction company, experienced in modular designed process facilities for remote locations throughout Africa.

This initial plant comprises a contract screening and crushing plant and an "ultrafine" wet screening plant. Future modular processes for owner crushing and magnetic separation can be readily added to the existing plant design.

Following the execution of the Consulmet contract in January 2016, fabrication of the equipment was undertaken in Johannesburg from January to May 2016 and then pre-erected to ensure minimal delays upon site installation.

All plant equipment was transported through the Port of Dakar with very efficient co-ordination of logistics and regulatory system processes.

DIRECTORS' REPORT (cont...)

Consulmet construction teams mobilised to site in May 2016 and completed construction during July 2016 with wet commissioning completed at the end of July 2016.

First phosphate product was stockpiled at the end of August 2016.

MARKETING

Initial discussions took place with potential offtake partners focused on both Single Super Phosphate producers and Phosphoric Acid producers. Samples were produced from drilling and these were used in offtake discussions prior to bulk sampling material being available.

The Baobab Phosphate Project possesses significant potential commercial advantages due to its location with export of product from the Port of Dakar providing competitive access to markets in North and South American and Europe.

Offtake contracts were executed with Polyserve Import Export and Trade, Getax Agrifert DMCC and Actatrade SA in July and August 2016. The combined offtake agreements account for between 360,000 and 480,000 tonnes per annum of production for the first three years, representing almost all of the expected annual production.

Service agreements have been signed with Bureau Veritas and SGS for the supervision of loading operations, sampling and lab testing for the delivered product. A service agreement has been signed with Sahel Sipping agency to provide a bespoke service for maritime matters related to our exports.

GOSSAS PHOSPHATE PROJECT

Groupe Mimran agreed to transfer their 2016Km^2 Gossas exploration tenement to Baobab Mining and Chemicals Corporation ("BMCC") as part of its investment in Avenira and BMCC. Exploration on the tenement will be undertaken by the BMCC team. The tenement lies to the south-east of Baobab (Figure 3) and the eastern part of the tenement covers an area of high prospectivity for phosphate with numerous historical records of phosphate occurrences, mainly in water wells. Initial exploration of the tenement has comprised a comprehensive study by the BRGM of all the relevant documentation held by them in France and the production of a prospectivity plan of the tenement. A scout air core drilling program is planned for the latter part of 2016.

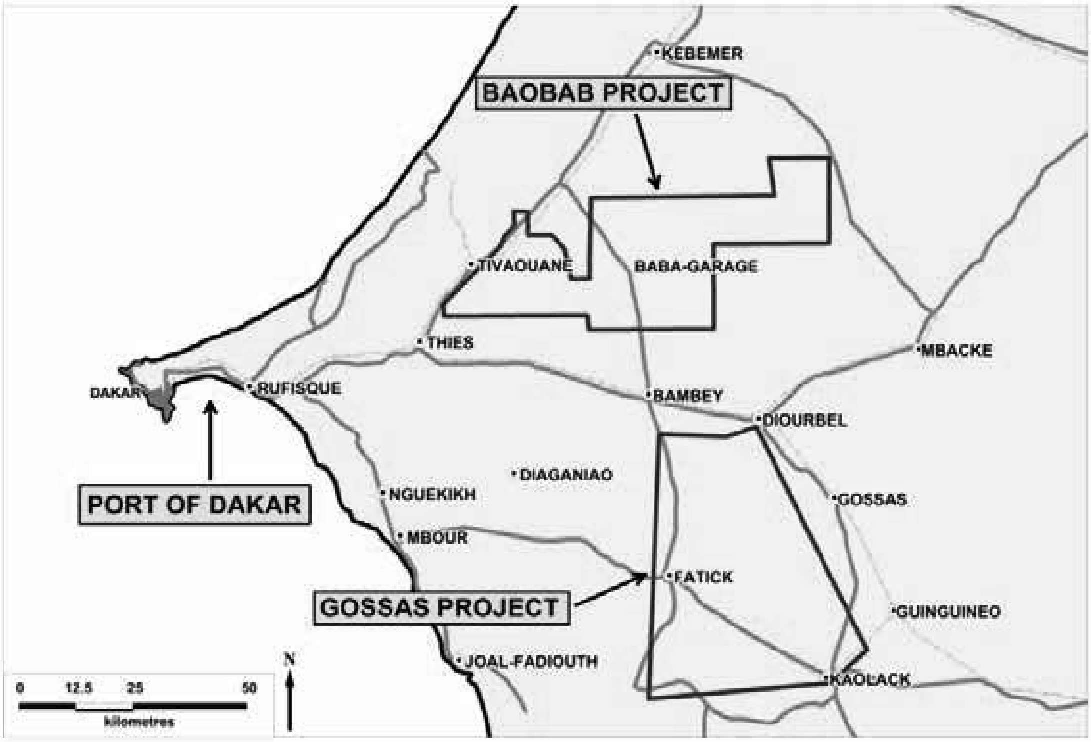


Figure 3: Gossas Project location

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% OWNED)

SUMMARY

The Wonarah Phosphate Project ("Wonarah") hosts one of the largest contained P_2O_5 resources of any known phosphate deposit in Australia. Current resource estimates are unchanged from last year and are presented in the annual mineral resource statement at Table 1.

Avenira commenced a Feasibility Study in 2012 for the development of Wonarah using JDCP patented Improved Hard Process (IHP) technology. The Company believes Wonarah has compelling features apart from its size and grade that will support a major phosphate development at the site. These include:

- Situated in a stable political jurisdiction
- Northern Territory Government support and designation as a Major Project
- A life of mine Mining Agreement in place with Traditional Owners which covers mining, processing and fertiliser production
- Proximity to a regional population centre at Tennant Creek
- Access to an established bulk commodity port at Darwin
- Bitumen highway access
- Proximity to a standard gauge railway with spare freight capacity
- Proximity to a natural gas supply, the pipeline for which closely follows the railway line
- Proximity to ample groundwater
- Silica available on site and petroleum coke readily available regionally
- Growing importance of technical grade phosphoric acid and fluid fertilisers both globally and locally

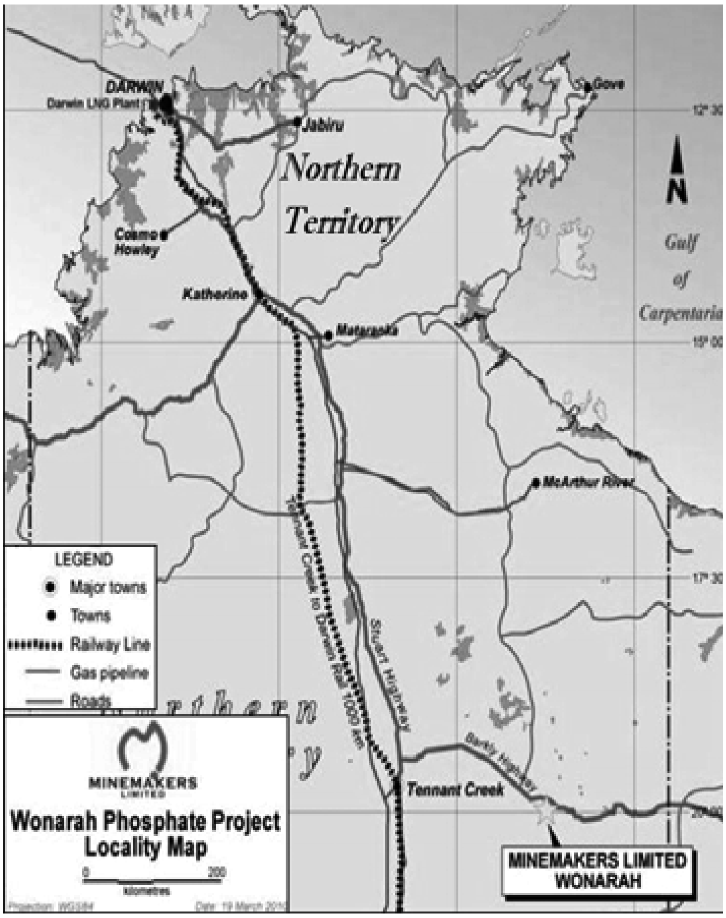


Figure 4: Wonarah Project Locality Map

DIRECTORS' REPORT (cont...)

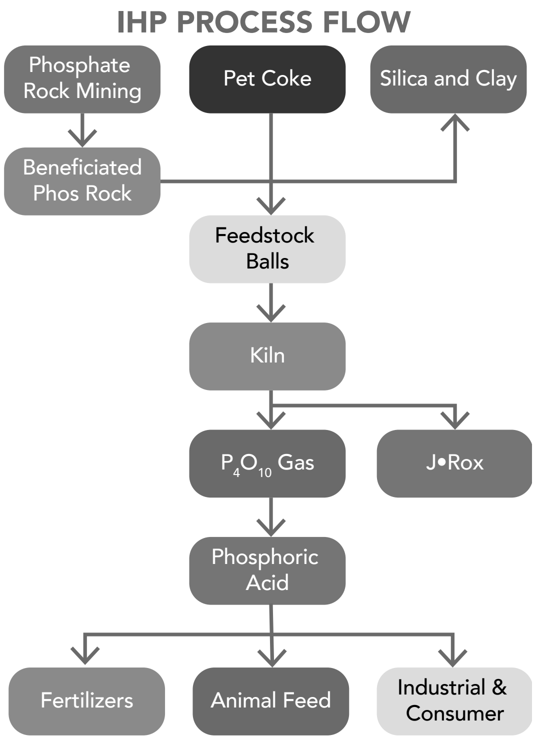
Whilst Wonarah is located approximately 1,300km from the port of Darwin, under an IHP development scenario, the financial impact of this distance is mitigated by the production of a more concentrated and higher value product. The existence of suitable and immediately accessible road and rail infrastructure relieves the Company of a potentially heavy capital burden on the project.

Pending successful commercial validation of the IHP technology by JDCP, Avenira intends to use the IHP method of producing superphosphoric acid at Wonarah using beneficiated rock mined at Wonarah. Beneficiation test work on a composite sample of diamond core, representing potential run-of mine material, has resulted in the elaboration of a treatment regime to optimise P_2O_5 recovery and minimise clay content to produce a suitable feed for an IHP plant. Variability testing across a range of ore profiles indicated that the treatment regime remained successful. The efficacy of superphosphoric acid production by the IHP method is currently subject to validation testing by JDCP at a demonstration plant in Florida, USA.

IMPROVED HARD PROCESS DESCRIPTION

Low-grade phosphate rock, petroleum coke and silica sand are fed at accurately controlled flows to a dryer to remove moisture. The solids leaving the dryer are screened to remove large lumps and the material passing through the screen is finely ground in a ball mill.

The ground material is formed into balls in a balling drum. Fines and oversize are returned to the balling drum and product sized balls are fed to the ported kiln.



Source: JDCPhosphate, Inc.

Air is heated by burning natural gas and blown counter-currently to the flow of material in the kiln. The P_4O_{10} gas is liberated and passes to the hydrator where it is absorbed in water to form a concentrated phosphoric acid. Gases leaving the hydrator are further scrubbed in a venturi scrubber, cyclone/scrubber and mist eliminator to recover product not absorbed in the hydrator. Vent gases are then scrubbed with lime slurry and then pass to a flue gas desulphurisation unit for final cleaning.

The phosphoric acid is cooled, filtered to remove any suspended solids and stored ready for shipping.

DIRECTORS' REPORT (cont...)

EXPLORATION

No new exploration work was undertaken during the reporting period.

In March, three of the Wonarah exploration tenements (EL29840, EL29841 and EL29849) were reduced in area by approximately 40%. The areas relinquished were rated as having lower prospectivity for economic phosphate mineralisation than the retained areas. Two exploration tenements, EL24607 and EL23767, were relinquished. These tenements were considered to be peripheral to the main phosphate mineralisation at Wonarah.

ANNUAL MINERAL RESOURCE STATEMENT AS AT 30/06/16

2016 ANNUAL MINERAL RESOURCE STATEMENT WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA												
Cut off P_2O_5 %	Resource Category	Tonnes	P_2O_5	Al_2O_3	CaO	Fe_2O_3	K_2O	MgO	MnO	Na_2O	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	542	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	352	21	4.6	28	2.1	0.5	0.2	0.1	0.06	39	0.2

BAOBAB PROJECT, REPUBLIC OF SENEGAL CUT-OFF GRADE 15% P_2O_5									
Area		Resource Category	Mt	P_2O_5	CaO	MgO	Al_2O_3	Fe_2O_3	SiO_2
				%	%	%	%	%	%
Gadde Bissik East	Within SMP	Indicated	12.6	21.0	28.8	0.08	2.05	3.30	41.3
	Within SMP	Inferred	16	20	28	0.13	2.2	3.9	42
	Outside SMP	Inferred	64	19	26	0.12	2.8	4.0	43
	Combined	Inferred	80	19	26	0.12	2.7	4.0	43
Gadde Bissik West		Inferred	7	18	24	0.17	4.8	6.3	40
Total		Indicated	12.6	21.0	28.8	0.08	2.05	3.30	41.3
		Inferred	87	19	26	0.13	2.9	4.2	43

ANNUAL CHANGE IN RESOURCE CATEGORY - BAOBAB PROJECT				
Category	Indicated		Inferred	
	Tonnes (M)	% P_2O_5	Tonnes (M)	% P_2O_5
2015	0	na	68	22
2016	12.6	21.0	87	19
Change	+12.6	na	+19	-3

Table 1: Annual Mineral Resource Statement

DIRECTORS' REPORT (cont...)

The resource estimates for the Wonarah Project remained unchanged from 2015. Changes to the resource estimates for the Baobab Phosphate Project are summarised above and reflect the addition of a maiden Indicated Resource and the use of a lower cut-off grade than 2015. The lower cut-off grade is supported by additional beneficiation test work.

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, who is the Geological Manager of the Company and a Member of the Australian Institute of Geoscientists. 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.

JDCPHOSPHATE, INC., FLORIDA (*APPROX. 8% EQUITY)*

Avenira owns approximately 8.0% of JDCP and has an exclusive licence to utilise the IHP technology in Australia and Senegal for an extended period of time.

Over the last 12 months, JDCP has continued to conduct extensive laboratory scale testing to quantify the positive effect of its proprietary methods for optimising operations in the reduction kiln on acid quality. It operated the demonstration plant to evaluate operating materials and techniques to produce hard, dust free feed agglomerates.

In July 2016 Avenira executed two agreements with JDCP that provide for:

- Updated and strengthened Avenira's exclusive IHP license agreements in Australia and Senegal for a prepayment of certain licensing fees.
- Secured convertible loan funding to JDCP to allow further time for JDCP to achieve its strategic objectives. The convertible loan is interest bearing and has rights to convert into additional JDCP equity in certain circumstances. Avenira has an associated right to a seat on JDCP's board.
- The total funding is limited to USD2m and will be drawn down progressively.

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

INVESTMENTS AND CORPORATE INFORMATION

In July 2015 Avenira completed the sale of all its remaining legacy assets in Republic of South Africa to Spearhead Capital Limited and received sale proceeds totalling ZAR10,862,874 ($1,170,965). Under the sale agreement, ZAR1,852,406 ($200,000) is to be held in escrow by the Group until the fulfilment of two post-completion conditions. At the reporting date one condition is yet to be satisfied and the amount of ZAR 1 million ($96,389) remains in escrow in Avenira's trust account.

In September 2015 the Company received approval, via receipt of an Amalgamation Certificate from the Registrar of Companies in Mauritius ("Registrar"), for the Reverse Triangular Merger involving the amalgamation of Baobab Fertilizer Africa, a wholly owned subsidiary of Baobab Partners and the parent company of BMCC, and Minemakers Baobab Mauritius, a wholly owned subsidiary of Avenira.

Following the amalgamation, Baobab Fertilizer Africa is the sole surviving company, with Avenira as its sole shareholder.

In accordance with the terms of the Merger Implementation Agreement ("MIA"), Mr Timothy Cotton was appointed as a Non-executive Director of Avenira.

In consideration for the acquisition and in accordance with the terms of the MIA, Avenira issued to Baobab Partners:

- 100 million ordinary Avenira shares.
- 80 million Avenira unlisted options with an exercise price of AUD0.25 and a term of 4 years.
- 40 million contingent share rights satisfied by the issue of Avenira shares upon the earlier of:
  (i) achievement of a board approved preliminary feasibility study; or
  (ii) the decision to proceed with the construction of a phosphate rock mine; or
  (iii) first commercial production of phosphate rock.
- 40 million contingent share rights satisfied by the issue of Avenira shares upon first commercial production of phosphate rock.

In November 2015 the Board of Avenira made the decision to commence construction of a phosphate rock mine resulting in 40 million share rights being converted into 40 million shares in Avenira.

DIRECTORS' REPORT (cont...)

In November 2015 the Group raised additional funds via the issue of 28,151,676 shares at $0.11 per share to global institutional investor JP Morgan Asset Management UK Limited to raise $3.1 million, before costs. The funds raised were utilised for the Baobab Phosphate Project and for working capital purposes.

Following shareholder and ASIC approval in November 2015, Minemakers Limited changed its name to Avenira Limited. As a result of the name change, Avenira was assigned the new ASX and TSX code "AEV".

In January 2016 the Company executed an agreement with Mimran Natural Resources ("MNR") and Tablo Corporation (affiliate of Groupe Mimran) for:

- The issue of 20% of the capital in BMCC to MNR for consideration of USD$11.25 million (AUD16m) and the transfer of a the Gossas phosphate exploration permit in the Republic of Senegal to BMCC.
- The issue of 104,750,000 fully paid ordinary Avenira shares (19.9% of Avenira Limited) to Tablo Corporation at a issue price $0.117 per share, raising AUD12.3m.

In March 2016 the joint venture and placement transactions with Groupe Mimran companies achieve financial close. Avenira received approximately AUD28 million in proceeds which ensures funding for:

- Development of the Baobab Phosphate Project small mine to production.
- Exploration and project development towards a full mine permit.
- Flexibility for Avenira to consider new investment opportunities.

In March 2016 the Company voluntarily delisted from the Toronto Stock Exchange. Subsequent to delisting, the Company applied to the Ontario Securities Commission for a decision that the Company no longer is a reporting issuer in the province of Ontario. A decision is currently pending.

FINANCIAL REVIEW

FINANCIAL INFORMATION

At 30 June 2016 the total closing cash balance was $24,473,574 (2015: $15,388,406). The Group has recorded an operating loss after income tax for the year ended 30 June 2016 of $ 9,464,695 (2015: $43,018,117).

OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows	2016 REVENUE $	2015 RESULTS $
Consolidated entity activities before income tax expense	**680,401**	(9,464,695)

Shareholder Returns

	2016	2015
Basic profit/(loss) per share (cents)	**(2.31)**	(17.5)

IMPAIRMENT – WONARAH PHOSPHATE PROJECT

The updated valuation review conducted by Optiro in June 2016 revealed that the fair market value of the Wonarah project remains unchanged from the valuation prepared at June 2015. Optiro's valuation lies within a range $15.9m and $32.1m, with a preferred value of $24.0m. As a result, during the reporting period the exploration and evaluation expenditure totalling $861,574 incurred at Wonarah less the R&D tax refund of $286,612 totalling $574,962 was impaired and recognised in the statement of profit or loss.

In addition, following the surrender of exploration licences EL24607 and EL23767 the capitalised exploration and evaluation expenditure of $635,125 relating to the two licences has been written off to the statement of profit or loss.

Please refer to Note 14 for further details.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than detailed in the Review of Operations above there were no significant changes in the state of affairs of the Group.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following events occurred subsequent to the end of the year:

- On 7 July 2016 Avenira and JDCP, Inc. signed an amended licence agreement for a prepayment amount of USD350,000 that update and strengthen Avenira's exclusive IHP licence rights in Australia and Senegal.
- On 15 July 2016 Avenira Holdings LLC, a wholly owned subsidiary of Avenira Limited, and JDCP executed a convertible secured promissory note purchase and exchange agreement. The principal amount of the JDCP promissory note (Note) is USD1,650,000 with a maturity date of 15 July 2017 and an applicable interest rate of 12% per annum. As at the date of this report USD1,250,000 has been advanced to JDCP in accordance with terms and condition of the promissory note.
- On 22 July 2016 and 16 August 2016 the Company announced that it has signed three export rock phosphate supply agreements with established international fertiliser producers. The agreements are for three years and for between 360,000 and 480,000 tonnes per annum.

Other than as disclosed above, no event has occurred since 30 June 2016 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected the Group will complete the commissioning phase and first product shipment will take place in the 2016 December quarter. The Group will continue to focus on ramping up the project production target to 500,000 tonnes per annum. The Group will continue to advance its application process for a mining concession to pursue its strategy of multiple stages of expansion across the Baobab Phosphate Project.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

ON-MARKET SHARE BUY-BACK

The buy-back program that commenced on 6 November 2014 lapsed on 2 November 2015. A total of 1,300,000 shares were bought back at a cost of $97,167. The cost was presented in the 2015 financial statements.

SAFETY AND HEALTH

Avenira aspires to a goal of causing zero harm to people. In this regard the Company is committed to undertake our activities so as to protect the safety and health of employees, contractors, visitors and the communities in which we operate.

There were no lost time or medically treated injuries during the year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation with respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, as far as it is aware is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' REPORT (cont...)

DIRECTOR'S MEETING

During the year the Company held 15 meetings of directors. The attendance of directors at meetings of the Board were:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION AND NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
Dick Block	15	15	1	1	1	1
Cliff Lawrenson	15	15	*	*	*	*
Richard O'Shannassy	10	10	1	1	1	1
Ian McCubbing	15	15	1	1	1	1
Timothy Cotton	10	12	*	*	*	*
Farouk Chaouni	4	8	*	*	*	*
David Mimran	6	6	*	*	*	*

Notes
A – Number of meetings attended.
B – Number of meetings held during the time the director held office or was a member of the Committee during the year.
***** – Not a member of the Committee.

SHARES UNDER OPTION

At the date of this report there are 122,575,000 unissued ordinary shares in respect of which options are outstanding.

	NUMBER OF OPTIONS
Balance at the beginning of the year	40,050,000
Movements of share options during the year	
Expired on 3 January 2016 ($0.47)	(500,000)
Expired on 15 June 2016 ($0.22)	(1,500,000)
Issued, vesting at $0.12, exercisable at $0.10, on or before 30 June 2018	3,000,000
Issued, vesting at $0.18, exercisable at $0.15, on or before 30 June 2018	3,000,000
Issued, vesting at $0.25, exercisable at $0.25, on or before 30 June 2018	3,000,000
Issued, vesting at $0.25, exercisable at $0.25, on or before 24 September 2019	80,000,000
Total number of options outstanding as at 30 June 2016	**127,050,000**
Movements subsequent to year end:	
Expired on 29 July 2016 ($0.18)	(1,550,000)
Exercised on 29 July 2016 ($0.18)	(2,000,000)
Exercised on 13 September 2016 ($0.10)	(925,000)
Total number of options outstanding as at the date of this report	**122,575,000**

The balance is comprised of the following:

EXPIRY DATE	GRANT DATE	EXERCISE PRICE (CENTS)	NUMBER OF OPTIONS
18 June 2017	21 June 2012	23	5,000,000
18 June 2017	21 June 2012	27	5,000,000
18 June 2017	21 June 2012	31	5,000,000
8 April 2017	8 April 2013	30	14,000,000
20 Nov 2016	20 Nov 2013	22.5	5,500,000
30 June 2018	28 July 2015	10	2,075,000
30 June 2018	28 July 2015	15	3,000,000
30 June 2018	28 July 2015	25	3,000,000
24 September 2019	24 September 2015	25	80,000,000
Total number of options outstanding at the date of this report			**122,575,000**

DIRECTORS' REPORT (cont...)

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Avenira Limited against costs incurred in defending proceedings for conduct involving:

a. wilful breach of duty; or

b. a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is $49,271 (2015: $28,574).

NON AUDIT SERVICES AND INDEMNIFICATION OF AUDITORS

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the period, and an assessment by the Board of whether non-audit service provided during the period are compatible with general standards of independence for auditors imposed by the *Corporations Act 2001* are set out in Note 25 - Remuneration of Auditors, to the Consolidated Financial Statements on page 68.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Avenira Limited support and adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australia Securities Exchange Corporate Governance Council, and considers that Avenira Limited is in compliance, to the extent with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance section on the Company's website: http://www.avenira.com/about-us/governance

AUDITOR'S 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 29.

REMUNERATION REPORT - AUDITED

The remuneration report is set out under the following main headings:

A. Introduction

B. Remuneration governance

C. Overview of executive remuneration

D. Details of remuneration of Key Management Personnel

E. Executive KMP employment agreements

F. Overview of Non-executive Director remuneration

G. Shared-based compensation

H. Equity Holding

A. INTRODUCTION

The remuneration report for the year ended 30 June 2016 outlines the director and executive remuneration arrangements of the Company and Group.

The information in this remuneration report has been provided in accordance with section 300A of the *Corporations Act 2001*. The information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

For the purpose of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The table below outlines the KMP of the Group during the financial year ended 30 June 2016. Unless otherwise indicated, the individuals were KMP for the entire financial year.

NAME	POSITION
i) Non-executive Directors	
Dick Block	Independent Non-executive Chairman
Richard O'Shannassy	Independent Non-executive Director (Resigned 14 March 2016)
Ian McCubbing	Independent Non-executive Director
Timothy Cotton	Non-executive Director (Appointed 23 September 2015)
Farouk Chaouni	Non-executive Director (Appointed 19 November 2015)
David Mimran	Non-executive Director (Appointed 2 March 2016)
Christopher Pointon	Independent Non-executive Director (Appointed 30 June 2016)
ii) Executive Directors	
Cliff Lawrenson	Managing Director
iii) Other executive key management personnel	
Rod Wheatley	Chief Financial Officer and Company Secretary

B. REMUNERATION GOVERNANCE

Remuneration and Nomination Committee

The Board retains overall responsibility for remuneration policies and practices within the Group.

The Board has established a Remuneration and Nomination Committee ("RNC") which operates in accordance with its charter as approved by the Board. A copy of the charter is available under the corporate governance section of the Group's website.

For the year ended 30 June 2016 the RNC comprises Non-executive Directors with a majority being independent directors.

The RNC is primarily responsible for making recommendations to the Board on remuneration arrangements for Executive Directors, Non-executive Directors and other senior executives. The Corporate Governance Statement provides further information on the role of this committee.

The RNC meets as required throughout the year. Refer to page 18 for the number of Committee meetings held during the year. The Managing Director attends certain RNC meetings by invitation, where management input is required. The Managing Director is not present during any discussions relating to his own remuneration arrangements.

Use of remuneration consultants

The RNC seeks external remuneration advice where necessary to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by, and report directly to, the RNC.

No remuneration consultants were engaged during the financial year ended 30 June 2016. Subsequently, an independent remuneration consultant, Gerard Daniels, was appointed in August 2016 to undertake an independent review of remuneration for the 2017 financial year.

Voting and comments – 2015 Annual General Meeting (AGM)

The Company received 90% "Yes" votes cast on its Remuneration Report for the 2015 financial year. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

C. OVERVIEW OF EXECUTIVE REMUNERATION

The remuneration policy of Avenira Limited has been designed to align executives' objectives with shareholders and business objectives. The Board of Avenira believes the policy to be appropriate and effective in its ability to:

- attract and retain high quality directors and executives to run and manage the Company.
- create goal congruence between directors, executives and shareholders.

The executive KMP receive an appropriate level and mix of remuneration consisting of fixed remuneration and variable remuneration in the form of incentive opportunities.

The RNC reviews executive KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Elements of Executive Remuneration

The executive remuneration framework comprises of:

1. Fixed Remuneration - Base Salary, including superannuation
2. Variable Remuneration - Incentives

1. FIXED REMUNERATION - BASE SALARY, INCLUDING SUPERANNUATION

All executive KMPs receive a base cash salary (which is based on factors such as scope of the role, skills, experience and length of service) and superannuation contributions. The executive KMPs receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

2. VARIABLE REMUNERATION - INCENTIVES

Incentives in the form of equities are provided to certain executive KMP at the Board's discretion. The policy is designed to provide a variable "at risk" component within the executive KMP's total remuneration packages to attract, retain and motivate the highest calibre of executive KMP and reward them for performance that results in long term growth in shareholder wealth through achievement of the Company's financial and strategic objectives.

Receipt of variable remuneration in any form is not guaranteed under any executive KMP's employment contract.

2.1. PERFORMANCE RIGHTS

The Company has adopted an incentive plan comprising the "'Avenira Performance Rights Plan" (the Plan) to reward executive KMP and key employees and consultants ("Participants") for long term performance. Shareholders approved the Plan at the Annual General Meeting ("AGM") in November 2015. The Plan replaces the Company's Employee Share Option Plan.

The objective of the Plan is to:

- enable the Company to recruit, incentivise and retain talented people needed to achieve the Company's business objectives.
- link the reward of Participants with the achievements of strategic goals and the long term performance of the Company.
- align the financial interest of Participants with those of shareholders.
- provide incentives to Participants to focus on superior performance that creates shareholder value.

The Plan provides for the issuance of performance rights ("Performance Rights") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of a fully paid ordinary share in the Company for each Performance Right. Performance Rights are issued for nil consideration and no amount is payable upon conversion thereof.

Performance Rights granted under the Plan to eligible Participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. The Performance Rights also vest where there is a change of control of the Company. Upon vesting of the Performance Rights, ordinary shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the earlier of, the milestone date (if applicable) or expiry date, then the Performance Right will lapse. The Performance Rights will also lapse if the Participant ceases employment with the Group. Executive Directors who are not eligible under the Plan were issued Performance Rights outside of the Plan on the same terms and conditions as those that are eligible.

DIRECTORS' REPORT (cont...)

Given the strategic goals of the Company and the fact the Company is not currently cash generating the Board does not provide short term incentive rewards in the form of cash bonuses. Instead, the Board adopted the Plan which combines elements of a traditional short term incentive reward together with a long term incentive reward. This was considered a cost effective and efficient reward to appropriately incentivise continued performance.

During the last quarter of 2015, Performance Rights were granted to certain KMP and other participants. The Performance Rights expire two years after grant date and will vest over the two-year period on the achievement of the following performance conditions in relation to the Baobab Phosphate Project:

1. 50% on commencement of commercial production being the date the first truck of sold or contracted product departs the Baobab Phosphate Project site, provided that at that date the actual capital expenditure for the Baobab Phosphate Project is within the capital expenditure budget for the Baobab Phosphate Project as approved by the Board from time to time.(1)
2. 25% on the Baobab Phosphate Project achieving steady state commercial production which will occur when over two consecutive months 75% of the annual production rate approved by the Board from time to time is sold or contracted production, provided that the cost of production and product specification for the two months' period is within the range approved by the Board from time to time.(1)
3. 25% on accumulation of 100Mt of Inferred Resource of P_2O_5 at 20% or greater, capable of being converted into saleable product.(1)

(1) In order for a Performance Right to vest following the satisfaction of the performance condition applying to that Performance Right, the Board must, acting in good faith and in its sole discretion determine that:
a. the Company has implemented a procedure to ensure compliance with the occupational health and safety policies and guidelines as approved by the Board from time to time for the Company and its associated bodies corporate; and
b. in circumstances where the Satisfaction VWAP is lower than the Benchmark VWAP as at the date which is the last trading day for the purposes of calculating the Satisfaction VWAP, the decrease is not a consequence of the manner in which the executive management have performed their duties (i.e. if a minimum 20% increase in Share price has not been achieved over the 2 year's life of the Performance Rights, or a pro rata increase over a period less than 2 years, the Board must consider if this is due to the executive management's performance).
In paragraph (b) above:

Satisfaction VWAP means the VWAP of Shares for the 10 trading days immediately after the day the Company announces the satisfaction of the applicable performance condition; and
Benchmark VWAP means 11 cents multiplied by a factor of 1.2, for the period ending on the expiry date of the Performance Rights or pro rata for any part thereof.
If the Board makes a determination that the Company has not implemented health and safety procedures or, if applicable, that the Share price not increasing by the target amount is related to the executive management performance of their duties, then it has the discretion to determine what percentage (if any) of the Performance Rights linked to the performance condition which has been satisfied will vest.

Each performance condition has a milestone date that the performance condition is required to be achieved by otherwise the Performance Right will lapse. This date can be extended at the discretion of the Board.

The Board has determined the milestones dates as follows:

- Tranche 1: 30 September 2016
- Tranche 2: 31 May 2017
- Tranche 3: 18 November 2017 (Executive Directors) and 3 December 2017 (other participants).

Details of Performance Rights issued during the year can be found on page 26 under the Details of Remuneration heading with the Remuneration Report.

As at 30 June 2016 no Performance Rights had vested, therefore, no shares were issued for the financial year.

2.2. <u>EMPLOYEE SHARE OPTION PLAN (ESOP)</u>

No options were issued to KMP during the 2016 financial year as the ESOP was replaced by the Plan at the Company's 2015 AGM. As a result, there was no cost effect to the Company in 2016 financial year for the options issued in prior periods.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase the direct goal congruence between shareholders, directors and executives. Currently, this is facilitated through the issue of Performance Rights to executive KMP and options to the directors to encourage the alignment of personal and shareholder interest. The Company believes this policy will be effective in increasing shareholder wealth. For details of directors' and executives' interests in performance rights and options at year end, refer to pages 26 and 27 of the remuneration report.

DIRECTORS' REPORT (cont...)

The table below shows the performance of the Company over the last 5 years:

	2016	2015	2014	2013	2012
EPS (cents)	(2.31)	(17.5)	(1.4)	6.2	(1.3)
Share price	$0.19	$0.071	$0.081	$0.120	$0.145

As the Company is in the evaluation and development phase the performance of the Company is not related to the profit or earnings of the Company.

D. DETAILS OF REMUNERATION OF KEY MANAGEMENT PERSONNEL (KMP)

The table below shows details of each component of total remuneration for KMP.

	SHORT-TERM	POST EMPLOYMENT	OTHER LONG-TERM		SHARE-BASED PAYMENTS			
	SALARY & FEES	SUPER-ANNUATION	LONG SERVICE LEAVE	TOTAL CASH RELATED	OPTIONS[1]	PERFORMANCE RIGHTS[2]	TOTAL	PERFORMANCE RELATED
	$	$	$	$	$	$	$	%
Directors								
Cliff Lawrenson								
2016	**550,000**	**52,250**	**24,978**	**627,228**	**-**	**124,202**	**751,430**	**17%**
2015	550,000	52,250	14,171	616,421	-	-	616,421	-
Richard O'Shannassy[3]								
2016	**42,258**	**-**	**-**	**42,258**	**-**	**-**	**42,258**	**-**
2015	60,000	-	-	60,000	15,390	-	75,390	20%
Dick Block[4]								
2016	**191,047**	**-**	**-**	**191,047**	**-**	**-**	**191,047**	**-**
2015	245,159	-	-	245,159	25,650	-	270,809	9%
Ian McCubbing								
2016	**60,000**	**5,700**	**-**	**65,700**	**-**	**-**	**65,700**	**-**
2015	60,000	5,700	-	65,700	15,390	-	81,090	19%
Timothy Cotton[5]								
2016	**38,596**	**-**	**-**	**38,596**	**-**	**-**	**38,596**	**-**
Farouk Chaouni[6]								
2016	**30,811**	**-**	**-**	**30,811**	**-**	**-**	**30,811**	**-**
David Mimran[7]								
2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Christopher Pointon[8]								
2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subtotal Directors								
2016	**912,712**	**57,950**	**24,978**	**995,640**	**-**	**124,202**	**1,119,842**	
2015	915,159	57,950	14,171	987,280	56,430	-	1,043,710	
Other executive KPM								
Rod Wheatley								
2016	**242,000**	**22,990**	**19,712**	**284,702**	**-**	**38,638**	**323,340**	**12%**
2015	242,000	22,990	11,779	276,769	716	-	277,485	0%
Total KMP compensation								
2016	**1,154,712**	**80,940**	**44,690**	**1,280,342**	**-**	**162,840**	**1,443,182**	
2015	1,157,159	80,940	25,950	1,264,049	57,146	-	1,321,195	

1. No options were issued to KMP during the 2016 financial year. The value of the share options in 2015 financial year represent the options granted during 2013 as approved at the general meeting of shareholders held on 20 November 2013. These options were valued using a Black-Scholes option pricing model for options and a market price for ordinary shares. The exercise prices of the options at the date of this report and at the date of issue are at a price in excess of current market value. Refer to Note 23 for details.
2. Share based payments in 2016 financial year represent performance rights granted to executive KMPs in accordance with the Company's Performance Rights Plan and approval at the Annual General Meeting held on 18 November 2015. The fair value of the performance rights was estimated at the grant date taking into the account both market and non-market based vesting conditions. The Monto-Carlo simulation methodology was used to calculate the fair value of each performance right. Refer to Note 34 for further details.
3. The amount represents the total remuneration paid to Mr Richard O'Shannassy up to his resignation on 14 March 2016.
4. The amount represents the total remuneration paid to Mr Dick Block and includes $81,593 (2015: $145,577) of consulting services fee paid to Mr Block for strategic advisory services provided during the year. Please refer to Other Transactions and Balances with KMPs and Their Related Parties on page 6 for further details.
5. Mr Cotton was appointed 23 September 2015.
6. Mr Chaouni was appointed on 19 November 2015.
7. Mr Mimran was appointed on 2 March 2016. No remuneration was paid to Mr Mimran up to 30 June 2016.
8. Mr Pointon was appointed on 30 June 2016. No remuneration was paid to Mr Pointon up to 30 June 2016.

E. EXECUTIVE KMP EMPLOYMENT AGREEMENTS

The Group has entered into formal employment contracts with Executive KMP. The employment contracts for executive KMP have no fixed term and do not prescribe how remuneration levels are to be modified from year to year. A summary of the main provisions of these contracts for the year ended 30 June 2016 are set out below:

NAME	TERMS
Cliff Lawrenson (Managing Director)	Base salary exclusive of superannuation of $550,000 reviewed annually on 31 December (or such other time as agreed). 3 months' notice by Mr Lawrenson. 12 months by Company and upon change of control. Termination payments to reflect appropriate notice, except in cases of termination for cause.
Rod Wheatley (Chief Financial Officer and Company Secretary)	Base salary exclusive of superannuation of $242,000 reviewed annually on 31 December (or such other time as agreed). 1 month notice by Mr Wheatley, 1 month notice by Company and 6 months' notice on change of control. Termination payments to reflect appropriate notice, except in cases of termination for cause.

There was no increase in executive KMP base salary for the year end 30 June 2016.

F. OVERVIEW OF NON-EXECUTIVE DIRECTOR REMUNERATION

The Board policy is designed to attract and retain high calibre directors and to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The Chairman's fee will be determined independently to the fees of the Non-executive Directors based on comparative roles in the external market. External advice from independent remuneration consultants is sought when required.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The most recent determination was at the November 2012 Annual General Meeting, where shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors be $350,000.

The Company makes superannuation contributions on behalf of the Non-executive Directors in accordance with its Australian statutory superannuation obligations, and each director may sacrifice part of their fee for further superannuation contribution by the Company.

Fees for Non-executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. Any equity components of Non-executive Directors' remuneration, including the issue of options or performance rights, are required to be approved by shareholders prior to award.

During the 2014 financial year, in accordance with the resolution passed at the November 2013 Annual General Meeting, the Chairman and Non-executive Directors at that time were issued options in the Company. For further information on these options refer to page 27 of the remuneration report.

The table below summaries the Non-executive fees for the 2016 financial year:

	FEES
Board	
Chair	US$80,000
Non-executive Directors	A$50,000
Committee	
Audit Chair	A$10,000
Remuneration and Nomination Chair	A$10,000

DIRECTORS' REPORT (cont...)

Termination payments

The Board must approval all termination payments provided to all employees at the level of director, executive or senior management to ensure such payments reflect the Company's remuneration policy and are in accordance with the *Corporations Act 2001*.

Loans to key management personnel

In 2016 and 2015 there were no loans to KMP.

Other transactions and balances with KMPs and their related parties

Mr Dick Block

In addition to the Non-executive Chairman fee disclosed in section D, Mr Block was engaged to provide strategic advisory services on a consulting basis. Total consultancy fees of $81,593 (2015: $145,577) were charged by Mr Block during the year. These services, in particular, related to issues pertaining to the company's position as a shareholder and licensee of JDCP. Mr Block acted as the Company's primary contact person on all JDCP matters including assisting with the evolution of the growing business relationship plus providing support to JDCP with strategic input. Fees were charged at a fixed retainer of US$10,000 per month. At 30 June 2016 advisory fees paid to Mr Block impacted the statement of profit and loss and other comprehensive income with $20,398 recognised in Administrative and Other Expenses. Further $61,195 initially impacted the statement of financial position and was recognised in the capitalised exploration and evaluation expenditure before subsequently being impaired. The agreement had no fixed term, however required one month notification of termination. The agreement was terminated on 30 June 2016. As at 30 June 2016 US$40,000 was outstanding, which was paid in July 2016.

Mr Richard O'Shannassy

In addition to the Non-executive Director fees disclosed in section D, Mr O'Shannassy was engaged to provide legal services. The total payments made to Mr O'Shannassy was $36,000 (2015: $48,000) for legal consultancy fees paid to Richard O'Shannassy & Co Pty Ltd, the firm through which Mr O'Shannassy provides legal services to the Group. Fees were charged on a monthly retainer of $4,000. As at 30 June 2016 legal fees paid to Mr O'Shannassy's company impacted the statement of profit and loss and other comprehensive income with $36,000 recognised in Administrative and Other Expenses. There was no impact on the statement of financial position. The agreement has no fixed term and requires one month notification of termination.

G. SHARE-BASED COMPENSATION

Share based compensation – Performance Rights

Performance rights affecting remuneration in the current or a future reporting period are as follows:

Key terms of performance rights held by KMP

	GRANT DATE	NUMBER GRANTED	VESTING DATE	EXPIRY DATE	FAIR VALUE AT GRANT DATE, $	EXERCISE PRICE, $	NUMBER VESTED	VESTED %
30 June 2016								
Directors								
	18-Nov-15	1,875,000	30-Sep-16	18-Nov-17	$0.092	nil	-	-
Cliff Lawrenson	18-Nov-15	937,500	31-May-17	18-Nov-17	$0.092	nil	-	-
	18-Nov-15	937,500	18-Nov-17	18-Nov-17	$0.092	nil	-	-
Other Executive KMP								
	03-Dec-15	825,000	30-Sep-16	03-Dec-17	$0.067	nil	-	-
Rod Wheatley	03-Dec-15	412,500	31-May-17	03-Dec-17	$0.067	nil	-	-
	03-Dec-15	412,500	03-Dec-17	03-Dec-17	$0.067	nil	-	-

Performance rights granted carry no dividend or voting rights. When exercisable, performance rights are convertible into one ordinary share per right. Further information is set out in Note 34 of the financial statements.

DIRECTORS' REPORT (cont…)

Value of performance rights held by KMP

	FAIR VALUE OF PR GRANTED DURING THE YEAR, $[1]	VALUE OF PR VESTED DURING THE YEAR, $	VALUE OF PR LAPSED DURING THE YEAR, $	VALUE OF PR INCLUDED IN REMUNERATION REPORT FOR THE YEAR, $[2]	REMUNERATION CONSISTING OF PR FOR THE YEAR, %
30 June 2016					
Directors					
Cliff Lawrenson	345,000	-	-	124,202	17%
Other Executive KMP					
Rod Wheatley	110,550	-	-	38,638	12%

1. The total fair value of performance rights granted is estimated based on the number of rights issues multiplied by the fair value of a right at the grant date. Fair value at a grant date is determined using the Monto-Carlo Simulation pricing methodology. Please refer to Note 34 for further details.
2. The assessed total fair value of performance rights granted is allocated equally over the period from grant date to vesting date, being the relevant performance milestone and is factored by the probability of achievement of vesting performance conditions. As at 30 June 2016 the Board considered the percentage likelihood of achieving the performance milestones as 1st Milestone – 75%, 2nd Milestone – 50%, 3rd Milestone – 60% The above amounts are recognised as an expense in the statement of profit and loss for the period ended 30 June 2016. Please refer to Note 34 for further details

H. EQUITY HOLDINGS

The number of performance rights and contingent share rights in the Company held during the financial year by each director of Avenira Limited and other KMP of the Group, including their personally related parties, are set out below:

	BALANCE AT START OF THE YEAR	GRANTED AS COMPENSATION	OTHER CHANGES	VESTED	LAPSED	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
2016								
Directors								
Cliff Lawrenson	-	3,750,000	-	-	-	3,750,000	-	3,750,000
Timothy Cotton[1]	-	-	80,000,000	(40,000,000)	-	40,000,000	-	40,000,000
Farouk Chaouni[1]	-	-	80,000,000	(40,000,000)	-	40,000,000	-	40,000,00
Richard O'Shannassy	-	-	-	-	-	-	-	-
Ian McCubbing	-	-	-	-	-	-	-	-
Dick Block	-	-	-	-	-	-	-	-
David Mimran	-	-	-	-	-	-	-	-
Christopher Pointon	-	-	-	-	-	-	-	-
Other Executive KMP								
Rod Wheatley	-	1,650,000	-	-	-	1,650,000	-	1,650,000

1. Mr Timothy Cotton and Mr Farouk Chaouni collectively received 80,000,000 contingent share rights through their related party, Baobab Partners LLC, on the day of acquisition of Baobab Mining & Chemical Corporation SA by the Company on 24 September 2015. 40,000,000 of these share rights vested on 11 November 2015. Please refer to Note 36 (Business Combination) for further details.

DIRECTORS' REPORT (cont...)

Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Avenira Limited and other KMP of the Group, including their personally related parties, are set out below:

	BALANCE AT START OF THE YEAR	GRANTED AS COMPENSATION	OTHER CHANGES	EXERCISED	EXPIRED	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
2016								
Directors								
Cliff Lawrenson	15,000,000	-	-	-	-	15,000,000	15,000,000	-
Richard O'Shannassy[1]	1,500,000	-	(1,500,000)	-	-	-	-	-
Ian McCubbing	1,500,000	-	-	-	-	1,500,000	1,500,000	-
Dick Block	4,000,000	-	-	-	(1,500,000) [3]	2,500,000	2,500,000	-
Timothy Cotton[2]	14,000,000	-	80,000,000	-	-	94,000,000	94,000,000	-
Farouk Chaouni[2]	14,000,000	-	80,000,000	-	-	94,000,000	94,000,000	-
David Mimran	-	-	-	-	-	-	-	-
Christopher Pointon	-	-	-	-	-	-	-	-
Other Executive KMP								
Rod Wheatley	500,000	-	-	-	-	500,000	500,000	-

1. Mr Richard O'Shannassy resigned as a director on 14 March 2016 and is not considered a KMP from that date.
2. Mr Timothy Cotton and Mr Farouk Chaouni collectively held 14,000,000 options prior to their commencement as directors of the Group and collectively received 80,000,000 options through their related party, Baobab Partners LLC, on the day of acquisition of Baobab Mining & Chemical Corporation SA by the Company on 24 September 2015. Please refer to Note 36 (Business Combination) for further details.
3. Options were granted in June 2012.

All vested options were exercisable at the end of the year.

Shareholdings

The number of shares in the Company held during the financial year by each director of Avenira Limited and other KMP of the Group, including their personally related parties, are set out below.

	BALANCE AT START OF THE YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/ RIGHTS CONVERTED	OTHER CHANGES DURING THE YEAR[1]	BALANCE AT END OF THE YEAR
2016				
Directors				
Cliff Lawrenson	1,901,868	-	450,000	2,351,868
Richard O'Shannassy[2]	1,147,652	-	(1,147,652)	-
Ian McCubbing	200,000	-	200,000	400,000
Dick Block	500,000	-	-	500,000
Timothy Cotton[3]	14,000,000	40,000,000	100,000,000	154,000,000
Farouk Chaouni[3]	14,000,000	40,000,000	100,000,000	154,000,000
David Mimran[4]	-	-	104,750,000	104,750,000
Christopher Pointon	-	-	-	-
Other Executive KMP				
Rod Wheatley	-	-	-	-

1. All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.
2. Mr Richard O'Shannassy resigned as a director on 14 March 2016 and is not considered a KMP from that date.
3. Mr Timothy Cotton and Mr Farouk Chaouni collectively held 14,000,000 shares prior to their commencement as directors of the Group and collectively received through their related party, Baobab Partners LLC 140,000,000 shares as part of acquisition of Baobab Mining & Chemical Corporation SA by the Company. Please refer to Note 36 (Business Combination) for further details
4. Mr Mimran acquired and holds shares through his related party, Tablo Corporation, which is an affiliate of the Mimran Group. The shares were issued as part of the investment transaction where Mimran Group acquired 20% interest in Baobab Miming and Chemicals Corporation SA, the Company's subsidiary in Senegal. Please refer to Note 23 for further details.

DIRECTORS' REPORT (cont...)

No ordinary shares in the Company were provided as a result of the exercise of remuneration options or conversion of performance rights to directors of Avenira Limited or other KMP of the Group for the current year.

None of the shares above are held nominally by the directors or any of the KMP.

There were no other transactions and balances with KMP and their related parties other than as disclosed.

End of Remuneration Report

Signed in accordance with a resolution of the directors.

CLIFF LAWRENSON
Managing Director
Perth, 30 September 2016

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Auditor's Independence Declaration to the Directors of Avenira Limited

As lead auditor for the audit of Avenira Limited for the year ended 30 June 2016, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
30 September 2016

QUALIFYING STATEMENTS

STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Avenira Limited's mineral resources estimation process is a key responsibility of the Executive Management of the Company.

The Geological Manager of the Company oversees technical reviews of the estimates and the evaluation process is augmented by utilising Avenira's in-house knowledge in operational and project management, ore processing and commercial/financial areas.

The Geological Manager is responsible for managing all Avenira's drilling programs, including resource definition drilling. The estimation of resources is done by an independent contractor, MPR Geological Consultants Pty Ltd.

The Company has adopted quality assurance and quality control protocols based on current and best practice in regard to all field aspects including drill hole surveying, drill sample collection, sample preparation, sample security, provision of duplicates, blanks and matrix-matched certified reference materials. All geochemical data generated by laboratory analysis is examined and analysed by the Geological Manager before accession to the Company database.

Data is subject to additional vetting by the independent contractor who carries out the resource estimates. Resource estimates are based on well-founded, industry-accepted assumptions and compliance with standards set out in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mineral resource estimates are subject to peer review by the independent contractor and a final review by Avenira's Executive Management before market release.

Avenira Limited reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition.

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

BAOBAB PHOSPHATE 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 Phosphate Project update*

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

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

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's 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.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2016	NOTES	CONSOLIDATED 2016 $	2015 $
Continuing Operations			
REVENUE	4	**680,401**	713,937
Other income	5	**108**	90,732
EXPENDITURE			
Depreciation and amortisation expense		**(120,490)**	(85,484)
Salaries and employee benefits expense		**(1,607,741)**	(1,779,380)
Exploration expenditure		**(643,900)**	(1,780,615)
Impairment of exploration and evaluation expenditure	14	**(574,962)**	(34,432,307)
Write off of exploration and evaluation expenditure	14	**(635,125)**	-
Impairment losses on available-for-sale financial assets		**-**	(1,463,005)
Impairment losses on derivative financial instruments		**-**	(635,481)
Net loss on disposal of subsidiary	6	**(1,354,707)**	-
Doubtful debts		**(93,588)**	(727,762)
Share based payment expense	34	**(489,742)**	(61,833)
Net foreign currency loss	6	**(192,683)**	(3,846)
Administrative and other expenses		**(4,432,266)**	(2,853,073)
LOSS BEFORE INCOME TAX		**(9,464,695)**	(43,018,117)
INCOME TAX BENEFIT/(EXPENSE)	7	**-**	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(9,464,695)**	(43,018,117)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translation of foreign operations			
Reclassification of foreign operations on disposal		**2,420,842**	-
Exchange differences arising during the year		**(1,369,418)**	17,618
		1,051,424	17,618
Available-for-Sale-Financial assets			
Net fair value loss on available-for-sale financial assets		**-**	(1,338,049)
Impairment of available for-sale financial assets reclassified to profit and loss for the year		**-**	1,463,005
		-	124,956
Other comprehensive income for the year, net of tax		**1,051,424**	142,574
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(8,413,271)**	(42,875,543)
Loss for the year is attributable to:			
Owners of Avenira Limited	24(b)	**(9,324,324)**	(42,990,545)
Non-controlling interest		**(140,371)**	(27,572)
		(9,464,695)	(43,018,117)
Total comprehensive loss for the year is attributable to:			
Owners of Avenira Limited		**(7,957,769)**	(42,847,971)
Non-controlling interest		**(455,502)**	(27,572)
		(8,413,271)	(42,875,543)
LOSS PER SHARE			
From continuing operations			
Basic loss per share (cents)	33	**(2.31)**	(17.5)
Diluted loss per share (cents)	33	**(2.31)**	(17.5)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016	NOTES	CONSOLIDATED 2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	8	**24,473,574**	15,388,406
Trade and other receivables	9	**1,657,986**	317,731
		26,131,560	15,706,137
Assets held for sale	18	**-**	287,863
TOTAL CURRENT ASSETS		**26,131,560**	15,994,000
NON-CURRENT ASSETS			
Trade and other receivables	10	**1,491,217**	1,481,600
Available-for-sale financial assets	11	**15,629**	15,629
Plant and equipment	13	**800,789**	32,471
Capitalised exploration and evaluation expenditure	14	**15,418,499**	16,000,000
Capitalised mine development expenditure	15	**35,526,331**	-
Intangible assets	16	**192,619**	202,095
Goodwill	17	**4,746,961**	-
TOTAL NON-CURRENT ASSETS		**58,192,045**	17,731,795
TOTAL ASSETS		**84,323,605**	33,725,795
CURRENT LIABILITIES			
Trade and other payables	19	**3,154,788**	1,886,729
Provisions	20	**181,814**	127,128
		3,336,602	2,013,857
Liabilities directly associated with the assets held for sale	18	**-**	647,128
TOTAL CURRENT LIABILITIES		**3,336,602**	2,660,985
NON CURRENT LIABILITIES			
Provisions	21	**4,018,459**	1,333,139
Deferred tax liabilities	22	**4,746,961**	-
TOTAL NON CURRENT LIABILITIES		**8,765,420**	1,333,139
TOTAL LIABILITIES		**12,102,022**	3,994,124
NET ASSETS		**72,221,583**	29,731,671
EQUITY			
Issued capital	23	**119,817,389**	89,901,304
Reserves	24(a)	**26,036,371**	13,857,599
Reserves directly associated with the assets held for sale	24(a)	**-**	(2,042,989)
Accumulated losses	24(b)	**(81,189,960)**	(71,865,636)
Capital and reserves attributable to members of Avenira Limited		**64,663,800**	29,850,278
Non-controlling interest	30	**7,557,783**	(118,607)
TOTAL EQUITY		**72,221,583**	29,731,671

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

YEAR ENDED 30 JUNE 2016

CONSOLIDATED	NOTES	ATTRIBUTABLE TO OWNERS OF AVENIRA LIMITED ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTEREST	TOTAL
		$	$	$	$	$	$
BALANCE AT 30 JUNE 2014		89,927,470	11,610,203	(28,875,091)	72,662,582	(148,357)	72,514,225
Loss for the year		-	-	(42,990,545)	(42,990,545)	(27,572)	(43,018,117)
Other comprehensive income for the year		-	142,574	-	142,574	-	142,574
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	142,574	(42,990,545)	(42,847,971)	(27,572)	(42,875,543)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		71,000	-	-	71,000	-	71,000
Share buy back		(97,166)	-	-	(97,166)	-	(97,166)
Employee share options		-	61,833	-	61,833	-	61,833
De-recognition of non-controlling interest relating to subsidiary deregistered		-	-	-	-	57,322	57,322
BALANCE AT 30 JUNE 2015		**89,901,304**	**11,814,610**	**(71,865,636)**	**29,850,278**	**(118,607)**	**29,731,671**
Loss for the year		**-**	**-**	**(9,324,324)**	**(9,324,324)**	**(140,371)**	**(9,464,695)**
Other comprehensive income for the year		**-**	**1,366,555**	**-**	**1,366,555**	**(315,131)**	**1,051,424**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**1,366,555**	**(9,324,324)**	**(7,957,769)**	**(455,502)**	**(8,413,271)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		**30,070,918**	**-**	**-**	**30,070,918**	**-**	**30,070,918**
Share issue transaction costs		**(154,833)**	**-**	**-**	**(154,833)**	**-**	**(154,833)**
Share based payments	34	**-**	**489,742**	**-**	**489,742**	**-**	**489,742**
Share based payments on acquisition of subsidiary		**-**	**4,900,000**	**-**	**4,900,000**	**-**	**4,900,000**
De-recognition of non-controlling interest		**-**	**-**	**-**	**-**	**118,607**	**118,607**
Non-controlling interest		**-**	**-**	**-**	**-**	**8,013,285**	**8,013,285**
Sale of 20% interest in BMCC to Mimran	30	**-**	**7,465,464**	**-**	**7,465,464**	**-**	**7,465,464**
BALANCE AT 30 JUNE 2016		**119,817,389**	**26,036,371**	**(81,189,960)**	**64,663,800**	**7,557,783**	**72,221,583**

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

YEAR ENDED 30 JUNE 2016	NOTES	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(6,918,066)**	(3,701,786)
Payments for exploration expenditure		**(643,900)**	(1,780,615)
Receipts for other income		**100,781**	7,240
Interest received		**384,349**	737,879
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	32	**(7,076,836)**	(4,737,282)
CASH FLOWS FROM INVESTING ACTIVITIES			
Research and development tax receipt		**286,612**	213,728
Expenditure on mining interests		**(2,582,464)**	(1,196,279)
Payments for mine development		**(12,694,681)**	-
Payments for plant and equipment		**(222,758)**	-
Proceeds on sale of plant and equipment		**908**	18,319
Payments for security deposits		**(103,013)**	(215,000)
Refund of security deposits		**94,500**	55,000
Proceeds on sale of subsidiary	18	**1,170,965**	-
Cash balance from subsidiary acquired		**117,255**	-
Proceeds from disposal of interest in subsidiary		**15,478,749**	-
Cash outflow relating to assets held for sale		**-**	(3,065)
Loans to other entities		**-**	(718,100)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		**1,546,073**	(1,845,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**15,373,376**	-
Transaction costs on issue of shares		**(154,833)**	-
Payment for share buyback		**-**	(97,167)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**15,218,543**	(97,167)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**9,687,780**	(6,679,846)
Cash and cash equivalents at the beginning of the financial year		**15,388,406**	22,075,533
Effects of exchange rate changes on cash and cash equivalents		**(602,612)**	(7,281)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**24,473,574**	15,388,406

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 YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Avenira Limited and its subsidiaries (the "Company" or the "Group). The financial statements are presented in the Australian currency. Avenira Limited is a for profit company limited by shares, domiciled and incorporated in Australia. The Company's principal place of business is Ground Floor, 20 Kings Park Road, West Perth WA 6005. The financial statements were authorised for issue by the directors on 30 September 2016. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Avenira Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

The Group's cashflow forecast for the period ending 30 September 2017 reflects that the Group has sufficient working capital to enable it to continue as a going concern.

The Group is however in the process of ramping up the Baobab Phosphate Project in Senegal, and accordingly certain assumptions included in the Group's cashflow forecast relating specifically to the production and sale of phosphate product have not yet been achieved. Should these assumptions either not be achieved or not achieved within the timeframes expected the Group may be required to raise additional working capital in the form of debt or equity. The Directors are satisfied that additional working capital can be secured if it is required.

In the event that the Group is unable to raise additional working capital, if required, there is a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avenira Limited ("Company" or "Parent Entity") as at 30 June 2016 and the results of all subsidiaries for the year then ended. Avenira Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer Note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

(ii) Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

JOINT OPERATIONS

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

JOINT VENTURES

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss), is identified on acquisition.

(iv) Equity Method

The Group's share of the investee post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates and joint ventures are recognised in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in other entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests in subsidiaries that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners of Avenira Limited.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a subsidiary is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are re-classified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Avenira Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Sales revenue is recognised and measured at the fair value of consideration received or receivable when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably.

Service revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

(j) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(k) Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. An estimate for doubtful debts is made when there is objective evidence of impairment. Bad debts are written off as incurred.

(l) Investments and other financial assets

CLASSIFICATION

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

***(i)* Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

***(ii)* Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

RECOGNITION AND DERECOGNITION

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

SUBSEQUENT MEASUREMENT

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Gains or losses arising from changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in Note 2.

IMPAIRMENT

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(m) Plant and equipment

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method or straight line method, depending on a type of an asset, and it allocates their cost or re-valued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 10% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When re-valued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(n) Exploration and evaluation costs

Exploration and evaluation costs for each area of interest in the early stages of project life are expensed as they are incurred up until pre-feasibility.

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

Exploration and evaluation costs for each area of interest that has progressed to pre-feasibility are accumulated and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and activates and significant operations in, or in relation to, the area of interest are continuing.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect to that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(o) Mine development

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine development.

Mine development represents the direct and indirect costs incurred in preparing mines for production and includes plant and equipment under construction, stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to Mine Properties or Plant and Equipment, as relevant, and will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

PRE-STRIP COSTS

In open pit mining operations, it is necessary to remove overburden and waste materials to access the ore. This process is referred to as stripping and the Group capitalises stripping costs incurred during the development of a mine (or pit) as part of the investment in constructing the mine (pre-strip). These costs are subsequently amortised over the life of a mine (or pit) on a unit of production basis.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(q) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The Group does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible the estimated future cash outflows.

(iii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions') refer to Note 34. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model and Monte Carlo methodology as appropriate.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or performance rights that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(s) Provision for rehabilitation and restoration

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining asset. Over time, the liability is increased for the change in the present value based on a discount rate appropriate to the market assessments and the risks inherent in the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance cost in the statement of comprehensive income. The capitalised carrying amount is depreciated over the useful life of the related asset.

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed as incurred.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

(v) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

VALUATION TECHNIQUES

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

FAIR VALUE HIERARCHY

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont…)

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

i. If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

ii. If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset it is recognised in the statement of financial position against the asset, and subsequently recognised as income in equal amounts over the expected useful life of the related asset.

(y) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

No reclassification of the presentation of financial information has occurred during the year and as such, the comparability of years has been sustained.

(z) New accounting standards for application in future periods

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 July 2015 including:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality.*
- AASB 2013-9 (part C) Amendments to Australian Accounting Standards – *Conceptual Framework, Materiality and Financial Instruments.*

The adoption of these new and amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any other new or amended standards or interpretations that are issued but not yet effective.

New, revised or amended Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2016 are outlined in the table below. The potential effect of these Standards is yet to be fully determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...) YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

TITLE	SUMMARY	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE OF STANDARD	EXPECTED APPLICATION DATE FOR GROUP
AASB 9 *Financial Instruments*	A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 *Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition.*	Gains or losses on an investment in equity instruments will be recognised in profit or loss, or in other comprehensive income if the Group makes such election on a case by case basis.	1 Jan 2018	1 Jul 2018
AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations*	This standard sets out guidance on the accounting for acquisition of interests in joint operations in which the activity constitutes business.	When acquiring an interest in a joint operation in which the activity constitutes a business, the Group will be required to apply all of the principles on business combination accounting and disclose information required by AASB 3.	1 Jan 2016	1 Jul 2016
AASB 2014-4 *Clarification on acceptable methods of depreciation and amortisation (amendments to AASB 116 and AAB 138)*	This standard clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.	The adoption of AASB 2014-4 is not expected to significantly affect the Group's depreciation method in respect of property, plant and equipment.	1 Jan 2016	1 Jul 2016
AASB 15 *Revenue from Contracts with Customers*	AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	Given the Group's activities proceeded to the mine development phase and production is anticipated in second half of 2016, the Group's revenue recognition policy will be reviewed to ensure compliance with AASB 15 upon adoption.	1 Jan 2018	1 Jul 2018
AASB 2015-1 *Annual Improvements to IFRSs 2012-2014 Cycle*	This standard provides clarification amendments to AASB 5, AASB 7, AASB 119 and AASB 134.	The adoption of AASB 2015-1 is not expected to significantly impact disclosures in the Group's financial statement or the application of discount rates when determining long term employee benefit obligations.	1 Jan 2016	1 Jul 2016
AASB 2015-2 *Amendments to AASB 101*	This standard makes amendments to AASB 101 to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements.	The adoption of AASB 2015-2 is not expect to significantly impact the information of financial disclosure in the Group's financial statements.	1 Jan 2016	1 Jul 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont…)
YEAR ENDED 30 JUNE 2016

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont…)

TITLE	SUMMARY	IMPACT ON GROUP FINANCIAL REPORT	APPLICATION DATE OF STANDARD	EXPECTED APPLICATION DATE FOR GROUP
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor or its Associate or Joint Venture.	This standard addresses an inconsistency between the requirements in AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	A full gain or loss to be recognised when such transaction involves a business and partial gain or loss to be recognised when such transaction involves assets that do not constitute a business.	1 Jan 2018	1 Jul 2018
2016-2 *Amendments to AASB 107*	This standard requires entities preparing financial statements with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities from financing activities, arising from both cash flows and non-cash charges.	The adoption of AASB 2016-2 is not expected to significantly impact the information of financial disclosure in the Group's financial statements.	1 Jan 2017	1 Jul 2017
AASB 16 *Leases*	This standard will require to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	The adoption of AASB 16 is not expected to significantly impact the information of financial disclosure in the Group's financial statements.	1 Jan 2019	1 Jul 2019
IFRS 2 *(Amendments)*	The amendments clarify how to account for certain types of share-based payment transactions and require to account for effects of vesting and non-vesting conditions and modifications to the terms and conditions of share-based payments.	The adoption of these amendments is not expected to significantly affect the Group's accounting for share-based payments.	1 Jan 2018	1 Jul 2018

(aa) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model and Monte Carlo simulation method for performance rights, using the assumptions detailed in Note 34.

Exploration and evaluation expenditure

The application of the accounting policy in Note 1(n) requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available, which may require adjustments to the carrying value of assets.

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. The valuation review conducted by Optiro in June 2016 revealed that the fair market value of the Wonarah project remains unchanged from the valuation prepared in June 2015. As a result, during the reporting period the evaluation and exploration expenditure totalling $574,962 was impaired and recognised in the statement of profit or loss. In addition,

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (cont...)

following the surrender of exploration licences EL24607 and EL23767 the capitalised exploration and evaluation expenditure of $635,125 relating to the two licences has been written off to the statement of profit or loss. There have been not indicators for impairment of the Baobab Phosphate Project.

Rehabilitation and restoration provision

The Group assesses its mine rehabilitation provision half yearly in accordance with the accounting policy Note 1(s). Significant judgment is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known. As at 30 June 2016 rehabilitation obligation has a carrying value of $1,289,500 for the Wonarah Phosphate Project and $2,676,481 for the Baobab Phosphate Project.

Valuation of financial instruments

As described in note 2, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 2 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale and derivative financial instruments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. The Board exercises judgement in the process of applying the Group's accounting policy on impairment at each reporting period. In this regard a 20% decline in the fair value of the investment from its original cost represents a significant decline in value. When an Available-for-sale investment carried at fair value is impaired, the cumulative fair value loss recognised in other comprehensive income (Available-For-Sale Financial Asset reserve) is reclassified to profit and loss for the period. When a derivative financial instrument carried at fair value is impaired the fair value loss is recognised in the profit and loss statement for the period. Refer to Notes 11 and 12 for further details relating to impairment.

In relation to the judgement required regarding the Group's promissory note receivable refer to Note 2(b).

Goodwill

The Group assesses at each reporting date whether goodwill is impaired. This requires an estimation of the recoverable amount using a value in use discounted cash flow methodology, to which the goodwill is allocated. Please refer to Note 17 for further details.

2. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

The financial risks that arise during the normal course of Avenira operations comprise market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

These disclosures are not, nor are they intended to be an exhaustive list of risks which the Group is exposed to.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT (cont...)

Financial instruments

The Group holds the following financial instruments:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	**24,473,574**	15,388,406
Trade and other receivables	**1,657,986**	317,731
Other non-current receivables	**1,491,217**	1,481,600
Available-for-sale financial assets		
- Listed investments	**15,629**	15,629
- Unlisted investments	**-**	-
Derivative financial instruments	**-**	-
	27,638,406	17,203,366
Financial liabilities		
Trade and other payables	**3,154,788**	1,886,729

(a) Market risk

Market risk arises from Avenira's exposure to interest bearing financial assets and foreign currency financial instruments. It is a risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) and share prices (price risk).

(i) Foreign exchange risk

The functional currency of the Group is Australian dollars, however the Group and the parent entity operate internationally and are exposed to various currencies, primarily with respect to Central African Franc (XOF). The Group is exposed to foreign exchange risk arising from fluctuations of the Australian dollar against US dollar, Euro at parent level and fluctuations of the Australian dollar against South African Rand and Central African Franc at subsidiary level.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements. The Group does not have any further material foreign currency dealings other than the noted currencies.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian Dollars, was as follows:

	XOF AUD	ZAR AUD	USD AUD	EUR AUD
Financial assets				
Cash and cash equivalents	**7,123,999**	**169,883**	**570,989**	**90,406**
Trade and other receivables	**1,400,138**	**90,967**	**-**	**-**
Total financial assets	**8,524,137**	**260,850**	**570,989**	**90,406**
Financial liabilities				
Trade and other payables	**3,830,752**	**-**	**7,728**	**-**
Total financial liabilities	**3,830,752**	**-**	**7,728**	**-**

The following conversion rates were used at the end of the financial year:

ZAR/AUD: 10.993 (2015: 9.387)
XOF/AUD: 438.69 (2015: 453.63)
USD/AUD: 0.7441 (2015: 0.7655)
EUR/AUD: 0.6701

2. FINANCIAL RISK MANAGEMENT (cont...)

Sensitivity analysis – change in foreign currency rates

The following table demonstrates the estimated sensitivity to a 10% increase/decrease in the ZAR/AUD, XOF/AUD, USD/AUD and EUR/AUD exchange rates, with all variables held consistent, on a post-tax profit or loss and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

	2016 $	2015 $
Impact on post tax profits		
XOF/AUD +10%	**(426,671)**	(6,620)
XOF/AUD -10%	**521,487**	8,091
USD/AUD +10%	**(51,206)**	-
USD/AUD -10%	**62,585**	-
ZAR/AUD +10%	**(23,714)**	(8,015)
ZAR/AUD -10%	**28,983**	9,796
EUR/AUD +10%	**(8,219)**	-
EUR/AUD -10%	**10,045**	-
Impact on equity		
XOF/AUD +10%	**(426,671)**	(6,620)
XOF/AUD -10%	**521,487**	8,091
USD/AUD +10%	**(51,206)**	-
USD/AUD -10%	**62,585**	-
ZAR/AUD +10%	**(23,714)**	(8,015)
ZAR/AUD -10%	**28,983**	9,796
EUR/AUD +10%	**(8,219)**	-
EUR/AUD -10%	**10,045**	-

A hypothetical change of 10% in exchange rates were used to calculate the Group's sensitivity to foreign exchange rate movements as this is management's estimate of possible rate movements over the coming year taking into account currency market conditions and past volatility (30 June 2015: 10%).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at and during the year ended 30 June 2016, the Group had interest-bearing assets, being cash and cash equivalents. As such the Group's income and operating cash flows are somewhat exposed to movements in market interest rates.

The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. At 30 June 2016 the entire balance of cash and cash equivalents for the Group of $24,473,574 (2015: $15,388,406) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates, to a maximum of six months, fluctuate during the year depending on current working capital requirements.

2. FINANCIAL RISK MANAGEMENT (cont...)

Sensitivity analysis – change in interest rates

Based on the financial assets held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at reporting date under varying hypothetical changes in prevailing interest rates:

	2016 $	2015 $
Impact on post tax profits		
Hypothetical 80 basis points increase in interest	**130,852**	153,792
Hypothetical 80 basis points decrease in interest	**(130,852)**	(153,792)
Impact on equity		
Hypothetical 80 basis points increase in interest	**130,852**	153,792
Hypothetical 80 basis points decrease in interest	**(130,852)**	(153,792)

The hypothetical movement in basis points for the interest rate sensitivity analysis is based on the currently observed market environment (30 June 2015: 0.80%).

The weighted average interest rate received on cash and cash equivalents of the Group is 2.51% (2015: 3.58%).

(iii) Price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At 30 June 2016 the exposure to unlisted equity securities at fair value is nil (2015: $nil). Refer to Note 11 for further details of impairment recognised in respect of unlisted available-for-sale financial assets.

At 30 June 2016, the exposure to listed equity securities at fair value was $15,629 (2015: $15,629). A decrease of 40% on the market price could have an impact of approximately $6,000 (2015: $6,000) on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 40% in the value of the listed security would only impact equity, but would not have an effect on profit or loss.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. Credit risk arises from cash and cash equivalents and deposits with financial institutions, derivative financial instruments, trade receivables and security deposits receivable.

Credit risk related to balances with banks and other financial institutions is managed by investing surplus funds in financial institutions that maintain a high credit rating.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below, none of which are impaired or past due.

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	**24,473,574**	15,388,406
Trade and other receivables	**1,657,986**	317,731
Other non-current receivables	**1,491,217**	1,481,600
Derivative financial instruments	**-**	-
	27,622,777	17,187,737

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

2. FINANCIAL RISK MANAGEMENT (cont...)

	2016 $	2015 $
Cash at bank and short-term bank deposits		
Held with Australian banks and financial institutions		
AA- rated	**17,098,854**	-
A rated	**-**	15,388,406
Held with South African banks and financial institutions		
BBB rated	**169,883**	-
Held with Mauritius banks and financial institutions		
BBB rated	**68,897**	-
Held with Senegalese banks and financial institutions		
BBB rated	**7,135,940**	-
Total	**24,473,574**	15,388,406
Trade and other receivables		
Held with Australian banks and financial institutions		
AA- rated	**60,000**	-
Counterparties with external credit ratings	**-**	-
Counterparties without external credit ratings(1)		
Group 1	**1,449,706**	-
Group 2	**148,280**	317,731
Group 3	**-**	-
Total	**1,657,986**	317,731
Other non-current receivables		
Held with Australian banks and financial institutions		
AA- rated	**1,481,600**	-
A rated	**-**	1,481,600
Counterparties with external credit ratings	**-**	-
Counterparties without external credit ratings		
Group 1	**9,617**	-
Group 2	**-**	-
Group 3	**-**	-
Total	**1,491,217**	1,481,600
Derivative financial instruments(2)		
Counterparties with external credit ratings	**-**	-
Counterparties without external credit ratings(1)		
Group 1	**-**	-
Group 2	**-**	-
Group 3	**-**	-
Total	**-**	-

1. Group 1 – new Advances from suppliers (less than 6 months)
   Group 2 – existing Advances from suppliers (more than 6 months) with no defaults in the past
   Group 3 – existing Advances from suppliers (more than 6 months) with some defaults in the past. All defaults were fully recovered.
2. Derivative financial instruments were impaired to nil during the last financial year. Refer to Note 12 for further details of impairment recognised in respect of derivative financial instruments.

2. FINANCIAL RISK MANAGEMENT (cont...)

IMPAIRED CURRENT RECEIVABLES

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

The Group considers that there is evidence of impairment if any of the following indicators are present:

- Significant financial difficulties of the debtor.
- Probability that the debtor will enter bankruptcy or financial reorganisation.
- Default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. Refer Note 1(l) for information about how impairment losses are calculated.

At 30 June 2015 the Company considered the carrying value of the JDCP promissory note receivable as impaired due to the financial situation of JDCP. JDCP are currently attempting to raise additional funds and until funds have been raised the Company believes the recoverability of the full amount of the promissory amount, due to mature on 15 July 2017, is unlikely. Therefore, the Company has recognised the full carrying amount including the interest accrued on promissory notes as a provision for impairment rather than writing off the amount because it is yet unknown whether the amount will be uncollectable.

Movements in the provision for impairment of current receivables that are assessed for impairment collectively are as follows:

	2016 $	2015 $
Opening balance	**727,762**	-
Provision for impairment recognised during the year	**88,045**	727,762
Closing balance	**815,807**	727,762

During the year, the following gains / (losses) were recognised in profit or loss in relation to impaired receivables:

	2016 $	2015 $
Impairment losses		
Movement in provision for impairment	**(88,045)**	(727,762)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

2. FINANCIAL RISK MANAGEMENT (cont…)

	LESS THAN 1 MONTH $	1 – 3 MONTHS $	3 MONTHS – 1 YEAR $	1 – 5 YEARS $	5+ YEARS $	TOTAL $
Contractual maturities of financial liabilities						
2016						
Non-interest bearing	**1,072,832**	**2,081,956**	**-**	**-**	**-**	**3,154,788**
	1,072,832	**2,081,956**	**-**	**-**	**-**	**3,154,788**
2015						
Non-interest bearing	1,886,729	-	-	-	-	1,886,729
	1,886,729	-	-	-	-	1,886,729

(d) Net fair value

Fair value estimation

The fair value of financial assets and financial liabilities held by the Group must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price *(as disclosed in Note 2(a)(iii))*.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The totals for each category of financial instruments, other than those with carrying amounts which are reasonable approximations of fair value, are set out below:

	CARRYING AMOUNT		FAIR VALUE	
	2016 $	2015 $	2016 $	2015 $
Financial assets				
Available-for-sale financial assets	**15,629**	15,629	**15,629**	15,629
Derivative financial instruments	**-**	-	**-**	-
Total financial assets	**15,629**	15,629	**15,629**	15,629

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in the making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2. FINANCIAL RISK MANAGEMENT (cont...)

	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
2016				
Financial assets				
Available-for-sale financial assets				
- Listed investments	**15,629**	**-**	**-**	**15,629**
- Unlisted investments	**-**	**-**	**-**	**-**
Derivative financial instruments				
- Warrants	**-**	**-**	**-**	**-**
- Conversion rights on promissory note	**-**	**-**	**-**	**-**
	15,629	**-**	**-**	**15,629**
2015				
Financial assets				
Available-for-sale financial assets				
- Listed investments	15,629	-	-	15,629
- Unlisted investments	-	-	-	-
Derivative financial instruments				
- Warrants	-	-	-	-
- Conversion rights on promissory note	-	-	-	-
	15,629	-	-	15,629

The fair value of the financial assets not quoted in an active market has been determined with reference to the amount at which the instrument could be exchanged in a current active market between willing parties, other than in a forced or liquidation sale. The following methods were used to estimate the fair value:

- The Group holds an unlisted investment in JDCP. The fair value of this investments has been estimated based on the net asset value of JDCP as at 30 June 2016. At each reporting date the Group considers whether net asset value is representative of fair value. Where observable market transactions indicate that the net asset value exceeds fair value, an adjustment to the fair value is made. At 30 June 2016 the fair value of the Group's investment in JDCP was assessed as nil. Refer to Note 11 for further details of impairment recognised in respect of unlisted available-for-sale financial assets.
- Derivative financial instruments are measured under level 3 disclosure requirements. The Group acquired unlisted warrants in JDCP during 2014. The warrants have an exercise price of USD0.01 and expire on 17 February 2024. Accordingly, the fair value of warrants is considered to equate to the fair value of the underlying ordinary shares. The fair value of the underlying ordinary shares at 30 June 2016 was considered to be nil. Refer to Note 12 for further details of impairment recognised in respect of unlisted warrants.
- On 2 February 2015, the Group (the "holder") entered into convertible secured promissory notes ("series B conversion stock") with JDCP, (the "recipient"). The notes accrue interest at 8% per annum, payable on maturity, and mature on 30 June 2017. If prior to maturity date a qualified financing event occurs, defined as completion of a capital raising by JDCP for no less than USD10,000,000, then the principal amount, and all accrued interest, will convert automatically into shares in JDCP. The number of shares to be received upon such conversion shall be calculated by dividing (i) the principal amount plus accrued interest by (ii) 90% of the lowest price per share paid by the purchaser of qualified financing event shares, rounded down to the nearest whole share. The fair value of the conversion right attached to the JDCP promissory notes at 30 June 2016 was considered to be nil based on a probability weighted option pricing model. Refer to Note 9 for further details of impairment recognised in respect of promissory notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

2. FINANCIAL RISK MANAGEMENT (cont...)

Reconciliation of Level 3 fair value measurements of financial assets

	AVAILABLE FOR SALE UNLISTED INVESTMENTS		UNLISTED WARRANTS AT FAIR VALUE THROUGH PROFIT OR LOSS	
	30 JUNE 2016 $	30 JUNE 2015 $	30 JUNE 2016 $	30 JUNE 2015 $
Opening Balance	-	1,291,200	-	544,749
Purchases	-	-	-	-
Total gains / (losses) in other comprehensive income	-	-	-	-
Total gains / (losses) recognised in the profit or loss	-	-	-	90,732
Impairment	-	(1,291,200)	-	(635,481)
Closing net carrying amount	-	-	-	-

(e) Capital risk management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent, which at 30 June 2016 was $64,663,800 (30 June 2015: $29,850,278). The primary objective of the Group's capital management is to maximise the shareholder value.

At 30 June 2016 the Group does not hold any external debt funding (30 June 2015: Nil) and is not subject to any externally imposed covenants in respect of capital management.

3. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board considers the business from both functional and geographic perspectives and has identified that there are two reportable segments being:

- exploration and development of the Wonarah Phosphate Project in the Northern Territory (Wonarah) located in Australia, and
- exploration and development of the Baobab Phosphate Project in the Republic of Senegal (Baobab) located in Africa, a new operating segment identified in the current reporting period, hence there is no comparative information relating to this segment in the financial report.

2. FINANCIAL RISK MANAGEMENT (cont...)

(b) Segment information provided to the Board

The following table presents revenue and profit for the Group's operating segments for the reporting period.

	WONARAH (AUSTRALIA) $	BAOBAB (SENEGAL) $	UNALLOCATED – OTHER SEGMENTS $	TOTAL CONSOLIDATED $
2016				
Revenue				
Interest revenue	44,599	21,116	376,520	442,235
Other revenue	-	238,166	-	238,166
Other income	-	-	108	108
Total segment revenue	44,599	259,282	376,628	680,509
Total revenue as per statement of comprehensive income				680,509
Impairment of non-current assets	574,962	-	-	574,962
Write off of non-current assets	635,125	-	-	635,125
Net loss on disposal of subsidiary	-	-	1,354,707	1,354,707
Depreciation and amortisation	4,339	82,963	33,188	120,490
Segment net loss	(1,203,131)	(855,850)	(7,405,714)	(9,464,695)
Total net loss as per statement comprehensive income				(9,464,695)
Segment assets				
Capitalised exploration and evaluation expenditure	15,364,874	53,625	-	15,418,499
Capitalised mine development expenditure	-	35,526,331	-	35,526,331
Other assets at balance date	1,580,104	9,351,727	22,446,944	33,378,775
Total Segment Assets	16,944,978	44,931,683	22,446,944	84,323,605
Segment liabilities				
Deferred tax liability	-	4,746,961	-	4,746,961
Other liabilities at balance date	1,293,836	3,846,765	2,214,460	7,355,061
Total Segment Liabilities	1,293,836	8,593,726	2,214,460	12,102,022

4. REVENUE

	2016 $	2015 $
From continuing operations		
Revenue		
Provision of services	14,154	1,000
Other revenue		
Interest from financial institutions	410,937	689,634
Interest other[i]	31,298	23,303
Other sundry revenue	224,012	-
	680,401	713,937

i. On 2 February 2015, the Group (the "holder") entered into convertible secured promissory notes with JDCP, (the "recipient"). The notes accrue interest at 8% per annum compounding monthly, payable on maturity, and mature on 30 June 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

5. OTHER INCOME

	2016 $	2015 $
Net gain on financial assets at fair value through profit or loss	**-**	90,732
Net gain on disposal of property, plant and equipment	**108**	-
	108	90,732

6. EXPENSES

	2016 $	2015 $
Loss before income tax includes the following specific expenses		
Defined contribution superannuation expense	**135,997**	166,391
Minimum lease payments relating to operating leases	**137,058**	199,496
Net loss on disposal of property, plant and equipment	**9,148**	18,612
Net loss on disposal of subsidiary	**1,354,707**	-
Foreign exchange losses(net)	**192,683**	3,846

7. INCOME TAX

	2016 $	2015 $
(a) Income tax expense/(benefit)		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $	2015 $
Loss from continuing operations before income tax expense	**(9,464,695)**	(43,018,117)
Prima facie tax benefit at the Australian tax rate of 30% (2015: 30%)	**(2,839,408)**	(12,905,435)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	**39,060**	18,550
Other	**(381,170)**	867,523
Loss on sale of subsidiary	**406,412**	-
Movements in unrecognised temporary differences	**(66,819)**	9,857,797
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**2,841,925**	2,161,565
Income tax expense/(benefit)	**-**	-

Attributable to:

	2016 $	2015 $
Continuing operations	**-**	-
Discontinuing operations	**-**	-
	-	-

(c) Tax affect relating to each component of other comprehensive income

	2016 $	2015 $
Available-for-sale financial assets	**-**	-
	-	-

7. INCOME TAX (cont...)

	2016 $	2015 $
(d) Deferred tax assets		
Capital raising costs	**118,478**	184,167
Rehabilitation provision	**1,055,970**	455,993
Other provisions and accruals	**77,788**	211,161
Available-for-sale financial assets	**882,763**	9,369
Unrealised foreign exchange losses	**-**	1,154
Tax losses in Australia	**29,141,139**	26,703,027
	31,276,138	27,564,871
Deferred tax assets not recognised	**(25,932,939)**	(22,747,129)
	5,343,199	4,817,742
Offset against deferred tax liabilities	**(5,343,199)**	(4,817,742)
Net deferred tax assets	**-**	-
(e) Deferred tax liabilities		
Capitalised exploration and evaluation costs and development costs	**(10,025,543)**	(4,800,000)
Unrealised foreign exchange gain	**(53,634)**	-
Other accruals	**(10,983)**	(17,742)
	(10,090,160)	(4,817,742)
Offset against deferred tax assets	**5,343,199**	4,817,742
Net deferred tax liabilities	**(4,746,961)**	-

DEFERRED TAX

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2016 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
ii. The Company continues to comply with conditions for deductibility imposed by law; and
iii. No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

TAX CONSOLIDATION

Avenira Limited and its 100% owned Australian resident subsidiaries are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. Avenira Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and in hand	**7,916,851**	888,406
Short-term deposits	**16,556,723**	14,500,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**24,473,574**	15,388,406

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Refer to Note 2 (a) (ii) for additional details on the impact of interest rates on cash and cash equivalents for the period.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS (cont...)

9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Convertible promissory notes(i)	**815,807**	727,762
Provision for impairment(ii)	**(815,807)**	(727,762)
Trade and other receivables(iii)	**57,731**	2,471
Government taxes receivable	**404,425**	71,254
Prepayments(iv)	**1,022,760**	-
Sundry receivables	**21,903**	83,806
Security deposits	**151,167**	160,200
	1,657,986	317,731

i. In February 2015, the Group (the "holder") entered into a convertible secured promissory notes with JDCP, (the "recipient"). The notes accrue interest at 8% per annum compounded monthly, payable on maturity, and mature on 30 June 2017.
ii. Refer Note 2 (b) for further details on impairment.
iii. Trade and other receivables are generally due for settlement within 30 days and therefore classified as current.
iv. Prepayments comprise advances prepaid to contractors engaged to perform exploration and development activities at the Baobab Phosphate Project in Senegal.

The carrying amounts disclosed above represent their fair value.

10. NON CURRENT ASSETS – OTHER RECEIVABLES

	2016 $	2015 $
Security deposits	**1,487,767**	1,481,600
Sundry receivable	**3,450**	-
	1,491,217	1,481,600

11. NON CURRENT ASSETS – AVAILABLE-FOR-SALE-FINANCIAL ASSETS

	2016 $	2015 $
Available-for-sale financial assets include the following classes of financial assets:		
Listed investments, at fair value - Australian listed equity securities(i)	**15,629**	15,629
Unlisted investments at fair value- international equity securities(ii)	**-**	-
	15,629	15,629

i. These equity securities represent 15,619,524 ordinary fully paid shares of Niuminco Group Limited valued at 0.10 cent per share.
ii. At 30 June 2015 the Group assessed whether any objective evidence existed indicating that its available-for-sale investments in JDCP was impaired. The financial situation of JDCP and the protracted capital raising activities at the time were considered sufficient evidence that the investment was impaired. Accordingly, the fair value of the Group's investment in unlisted equity securities at 30 June 2015 was assessed as nil. The impairment expense of $1,291,200 was recognised in the statement of comprehensive income for the year ended 30 June 2015. At 30 June 2016 there has been no change to the financial situation at JDCP, therefore the carrying value as at 30 June 2016 is assessed as nil. to Refer to Note 2(d) for further details.

12. NON CURRENT ASSETS – DERIVATIVE FINANCIAL INSTRUMENTS

	2016 $	2015 $
Unlisted warrants at fair value through profit or loss(i)	**-**	-
	-	-

i. The Group holds unlisted warrants in JDCP. The warrants have an exercise prices of US$0.01 and expire on 17 February 2024. The fair value of the warrants is considered to equate to the fair value of the underlying ordinary shares. Accordingly, unlisted warrants were fully impaired to nil as at 30 June 2015. As at 30 June 2016 the fair value of the underlying shares was zero, therefore, the carrying amount remains zero.

These derivative financial instruments are classified as level 3 hierarchy. Refer to Note 2 (d) for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

13. NON CURRENT ASSETS – PLANT AND EQUIPMENT

	2016 $	2015 $
Cost	**1,079,408**	1,902,669
Accumulated depreciation	**(278,619)**	(1,870,198)
Net carrying amount	**800,789**	32,471

Movements in carrying amounts

	2016 $	2015 $
Opening net carrying amount	**32,471**	379,533
Additions	**721,919**	-
Additions through business combination	**227,617**	-
Disposals	**(9,548)**	(36,929)
Depreciation charge	**(91,699)**	(59,870)
Foreign currency exchange differences	**(79,971)**	16,327
Transfer to assets held for sale	**-**	(266,590)
Closing net carrying amount	**800,789**	32,471

14. NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Reconciliation of movements of exploration and evaluation costs in respect of mining areas of interest		
Opening net carrying amount	**16,000,000**	48,664,776
Capitalised exploration and evaluation costs(i)	**1,657,576**	1,981,258
Impairment of exploration and evaluation expenditure(ii)	**(574,962)**	(34,432,307)
Write off of exploration and evaluation expenditure(ii)	**(635,125)**	-
Research and development tax refund(iii)	**(286,612)**	(213,727)
Capitalised exploration and evaluation costs on acquisition(iv)	**19,908,486**	-
Reclassification of capitalised mine development(v)	**(20,650,864)**	-
Closing net carrying amount(vi)	**15,418,499**	16,000,000

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. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

i. Capitalised exploration and evaluation expenditure includes costs incurred in relation to both Wonarah and Baobab Phosphate Projects.

ii. Following the Group's assessment of the carrying value of exploration and evaluation expenditure capitalised in respect of the Wonarah project for impairment at 30 June 2015, the project was written down to $16m being the low end of the independent expert's valuation prepared by Optiro Pty Ltd. At 30 June 2016 Optiro Pty Ltd was engaged to conduct a review of the Wonarah project's valuation to determine the recoverable amount of the project. The expert's estimated recoverable amount of the project had not materially changed from 30 June 2015 with its lowest level of valuation of the fair market value being $15.9m. Considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ending 30 June 2016 and a delay with commercialisation of IHP technology, Avenira's management have taken a conservative view that the fair value less costs of disposal of the Wonarah project at 30 June 2016 is at the low end of the independent expert's valuation. As a result, during the reporting period the evaluation and exploration expenditure totalling $574,962 was impaired and recognised in the statement of profit or loss. In addition, following the surrender of exploration licences EL24607 and EL23767 the capitalised exploration and evaluation expenditure of $635,125 relating to the two licences has been written off to the statement of profit or loss.

iii. The research and development (R&D) tax incentive provides a tax offset in the form of a refund, calculated with reference to expenditure on eligible R&D activities.

iv. Refer to Note 36 (Business combination) for further details.

v. On 11 November 2015 the capitalised exploration and evaluation expenditure in relation to the Baobab Phosphate Project was reclassified to capitalised mine development following the decision of Avenira's Board of Directors to commence mining activities at the Baobab Phosphate Project. The exploration and evaluation expenditure attributable to this area of interest was first tested for impairment and then reclassified to capitalised mine development expenditure.

vi. The closing balance comprises the net carrying amount of exploration and evaluation expenditure attributable to both the Wonarah and Baobab Phosphate Projects being $15,364,875 and $53,625 respectively.

15. NON CURRENT ASSETS – CAPITALISED MINE DEVELOPMENT EXPENDITURE

	2016 $	2015 $
Reconciliation of movements during the year		
Opening net carrying amount	**-**	-
Reclassification from exploration and evaluation expenditure	**20,650,864**	-
Capitalised mine development	**13,119,591**	-
Capitalised provision for rehabilitation	**2,676,481**	-
Foreign currency translation movement	**(920,605)**	-
Closing net carrying amount	**35,526,331**	-

The capitalised mine development represents the costs incurred in preparing the mine for production and includes plant and equipment under construction, stripping and waste removal costs incurred before the production commences at the Baobab Phosphate Project. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Please refer to Note 1 (o) for the Group's accounting policy on "Capitalised Mine Development Expenditure".

Development expenditure assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine development assets are allocated to cash generating unit to which the development activity relates.

16. NON CURRENT ASSETS – INTANGIBLES

	2016 $	2015 $
Intangibles		
Licence rights at cost	**275,463**	256,148
Accumulated amortisation and impairment losses	**(82,844)**	(54,053)
Net carrying amount	**192,619**	202,095
Movements in carrying amounts		
Opening net carrying amount[(i)]	**202,095**	227,709
Additions	**9,025**	-
Additions through business combination	**10,290**	-
Amortisation	**(28,791)**	(25,614)
Closing net carrying amount at year end	**192,619**	202,095

i. The licence rights include US$250,000 paid by the Company to JDCP, to extend and improve the terms of Avenira's exclusive Australian licence to construct a commercial scale IHP facility at Wonarah for a period up to 10 years after the commercial validation of the IHP technology. The licence is amortised over the deemed useful life of 10 years.

17. NON CURRENT ASSETS – GOODWILL

	2016 $	2015 $
Goodwill		
Goodwill acquired in business combination	**4,746,961**	-
Net carrying amount	**4,746,961**	-
Movements in carrying amounts		
Opening net carrying amount	**-**	-
Goodwill acquired in business combination at cost(i)	**4,977,122**	-
Provision for impairment(ii)	**-**	-
Foreign currency translation movement	**(230,161)**	-
Closing net carrying amount at year end	**4,746,961**	-

i. The goodwill arose on acquisition of Baobab Mining and Chemicals Corporation SA (BMCC) on 23 September 2015. Please refer to Note 36 for further details.

ii. The Group has performed an annual impairment assessment of goodwill at 30 June 2016. The recoverable amount was determined by using the fair value less costs of disposal method calculated having regard to the Group's recent divestment of a 20% equity interest in BMCC to a non-related market participant. For further details regarding the divestment please refer to Note 36. As the divestment did not involve a quoted market price, the transaction is considered to be Level 2 in the fair value hierarchy.

As the recoverable amount calculated was higher than the total carrying value of the Baobab project assets and the goodwill, there was no requirement to impair goodwill at 30 June 2016.

18. ASSETS HELD FOR SALE

On 16 July 2015 Avenira completed the sale of all its remaining legacy assets in South Africa to Spearhead Capital Limited and received sale proceeds totalling ZAR10,862,874 ($1,170,965). Under the sale agreement, ZAR1,852,406 ($200,000) is to be held in escrow by the Group until the fulfilment of two post-completion conditions. At the reporting date one condition is yet to be satisfied and the amount of ZAR 1 million ($96,389) remains in escrow in Avenira's trust account.

The assets held by Avenira in South Africa through its original takeover of Bonaparte Diamond Mine NL were classified as held for sale at 30 June 2015 as follows:

	2016 $	2015 $
Assets		
Cash and cash equivalents	-	3,065
Trade and other receivables	-	18,208
Plant and equipment	-	266,590
Assets held for sale	-	287,863
Liabilities		
Trade and other payables	-	(416,653)
Provisions	-	(230,475)
Liabilities held for sale	-	(647,128)
Net liabilities held for sale	-	(359,265)

19. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables[i]	**959,388**	1,353,624
Other payables and accruals	**2,195,400**	533,105
	3,154,788	1,886,729

i. Trade creditors are non-interest bearing and generally on 30 day terms.

The carrying amounts disclosed above represent their fair value.

20. CURRENT LIABILITIES – PROVISIONS

	2016 $	2015 $
Employment benefits	**181,814**	127,128
	181,814	127,128

21. NON-CURRENT LIABILITIES – PROVISIONS

	2016 $	2015 $
Mine rehabilitation and restoration [i]	**3,965,981**	1,289,500
Employment benefits	**52,478**	43,639
	4,018,459	1,333,139
Movements in mine rehabilitation and restoration provision		
Opening net carrying amount	**1,289,500**	1,482,419
Increase in provision	**2,676,481**	37,556
Transfer to liabilities directly associated with the assets held for sale	**-**	(230,475)
Closing net carrying amount	**3,965,981**	1,289,500
Movements in employee benefits provision		
Opening net carrying amount	**43,639**	-
Increase in provision	**8,839**	43,639
Closing net carrying amount	**52,478**	43,639

i. Provision for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision includes the restoration costs based on the latest estimated future costs as assessed independently by the Northern Territory Government Department of Regional Development, Primary Industry, Fisheries and Resources and is determined on a discounted basis. The estimated future obligations include the costs of removing plant, abandoning mine site and restoring the affected areas. The rehabilitation provision also includes costs of the future rehabilitation works relating to the Baobab Phosphate Project in Senegal and is measured on a discounted basis. The costs have been preapproved by the Ministry of Environment and Substantial Development of Senegal as part of the progressive rehabilitation plan and include the costs of backfilling, levelling the ground and creating a macroclimate.

22. NON-CURRENT LIABILITES – DEFERRED TAX LIABILITIES

	2016 $	2015 $
Deferred tax liability		
Deferred tax liability on acquisition	**4,746,961**	-
Net carrying amount	**4,746,961**	-
Movements in carrying amounts		
Opening net carrying amount	**-**	-
Deferred tax liability on acquisition (i)	**4,977,122**	-
Foreign currency translation movement	**(230,161)**	-
Closing net carrying amount	**4,746,961**	-

i. The deferred tax liability arose on acquisition of Baobab Mining and Chemicals Corporation on 23 September 2015. Please refer to Note 36 for further details.

23. ISSUED CAPITAL

		2016		2015	
	NOTES	NUMBER OF SHARES	$	NUMBER OF SHARES	$
(a) Share capital					
Ordinary shares fully paid	23(b), 23(e)	**523,901,468**	**119,817,389**	247,204,006	89,901,304
(b) Movements in ordinary share capital					
Beginning of the financial year		**247,204,006**	**89,901,304**	247,504,006	89,927,470
Transactions during the year:					
- Share buy-back for cash(i)		**-**	**-**	(1,300,000)	(97,166)
- Issue of shares(ii)		**-**	**-**	1,000,000	71,000
- Issue of shares(iii)		**28,151,676**	**3,096,682**	-	-
- Issue of shares(iv)		**3,795,786**	**417,536**	-	-
- Issue of shares(v)		**140,000,000**	**14,280,000**	-	-
- Issue of shares(vi)		**104,750,000**	**12,276,700**	-	-
Less: transaction costs		**-**	**(154,833)**	-	-
End of the financial year		**523,901,468**	**119,817,389**	247,204,006	89,901,304

i. From 6 November 2014 to 19 November 2014 1,300,000 shares were bought back on market at an average price of 7.47 cents.
ii. Issued at 7.1 cents per share in consideration for corporate advisory services provided.
iii. Issued at 11 cents per share to JP Morgan Asset Management. Share issue costs of $154,834 were incurred.
iv. Issued at 11 cents per share under the Stock Option Repurchase Agreement with Baobab Mining and Chemicals Corporation SA.
v. Issued to Baobab Partners LLC in consideration for acquisition of Baobab Fertilizer Africa, the parent company of Baobab Mining and Chemicals Corporation SA: 100 million shares were issued on 24 September 2015 at 10.5 cents and 40 million shares were issued on 11 November 2015 at 9.5 cents.
vi. Issued for cash at 11.72 cents per share to Tablo Corporation.

	NUMBER OF OPTIONS	
	2016	2015
(c) Movements in unlisted options on issue		
Beginning of the financial year	**40,050,000**	53,350,000
Issued during the year:		
- exercisable at 10 cents on or before 30 June 2018(i)	**3,000,000**	-
- exercisable at 15 cents on or before 30 June 2018(i)	**3,000,000**	-
- exercisable at 25 cents on or before 30 June 2018(i)	**3,000,000**	-
- exercisable at 25 cents on or before 24 September 2019(ii)	**80,000,000**	-
Expired/cancelled during the year		
- 47 cents, 1 July 2014	**-**	(500,000)
- 32 cents, 16 October 2014	**-**	(300,000)
- 71 cents, 25 March 2015	**-**	(12,500,000)
- 47 cents, 3 January 2016	**(500,000)**	-
- 22 cents, 15 June 2016	**(1,500,000)**	-
End of the financial year	**127,050,000**	40,050,000

i. On 28 July 2015 the total of 9 million unlisted options were issued to third parties as an incentive remuneration for services.
ii. On 24 September 2015 80 million unlisted options were issued to Baobab Partners LLP in accordance with the terms and conditions of the Merger Implementation Agreement in consideration for the acquisition by the Group of Baobab Fertilzer Africa, the parent company of Baobab Mining and Chemicals Corporation SA, a company which owns the Baobab Phosphate Project in the Republic of Senegal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

23. ISSUED CAPITAL (cont...)

	NUMBER OF SHARE RIGHTS	
	2016	2015
(d) Movements in share rights		
Beginning of the financial year		
Issued during the year:		
- Issued contingent share rights, expiring on 20 September 2020[i]	**80,000,000**	-
- Issued for performance rights, expiring on 10 December 2017[ii]	**10,050,000**	-
- Issued for performance rights, expiring on 10 December 2017[iii]	**3,750,000**	-
Exercised during the year:		
- Contingent share rights exercised on 11 November 2015[iv]	**(40,000,000)**	-
End of the financial year	**53,800,000**	-

i. On 24 September 2015 80 million contingent share rights were issued to Baobab Partners LLP in accordance with the terms and conditions of the Merger Implementation Agreement in consideration for the acquisition of Baobab Fertilzer Africa, the parent company of Baobab Mining and Chemicals Corporation SA, a company which owns the Baobab Phosphate Project in the Republic of Senegal. These share rights will convert to ordinary shares upon the first commercial production of the phosphate rock at the Baobab Phosphate Project.

ii. Subsequent to the approval of the Performance Rights Plan (Plan) at the Annual General Meeting held on 18 November 2015 performance share rights were issued during the period to senior management personnel of the Group. The share rights were issued in three tranches in accordance with the terms and conditions of the Plan. Each tranche is subject to vesting performance conditions, a vesting milestone date and has an expiry date 2 years from the date of issue.

iii. Subsequent to the approval at the Annual General Meeting held on 18 November 2015 Director performance share rights were issued to Mr. Lawrenson. The share rights were issued in three tranches in accordance with the terms and conditions approved at the Annual General Meeting. Each tranche is subject to vesting performance conditions, a vesting milestone date and has an expiry date 2 years from the date of issue. Refer to Note 34 for further details.

iv. 40 million contingent share rights issued to Baobab Partners LLP (as per note (i)) were exercised and converted to 40 million ordinary shares.

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(f) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. There has been no change in the strategy adopted by management to control the capital of the Group since the prior year.

Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to support exploration programmes, development and production start-up phases of the Baobab Phosphate Project and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate funding as required.

The working capital position of the Group at the end of the year is as follows:

	2016 $	2015 $
Cash and cash equivalents	**24,473,574**	15,388,406
Trade and other receivables	**1,657,986**	317,731
Trade and other payables	**(3,154,788)**	(1,886,729)
Current provisions	**(181,814)**	(127,128)
Working capital position	**22,794,958**	13,692,280

24. RESERVES AND ACCUMULATED LOSSES

	2016 $	2015 $
(a) Reserves		
Foreign currency translation	**(676,313)**	121
Share-based payments	**19,247,220**	13,857,478
Reserves	**18,570,907**	13,857,599
Reserves of assets held for sale (refer to Note 18)	**-**	(2,042,989)
Consolidation reserve	**7,465,464**	-
Total reserves	**26,036,371**	11,814,610
Movements:		
Available-for-sale financial assets reserve		
Balance at beginning of year	**-**	(124,956)
Revaluation	**-**	(1,338,049)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	**-**	1,463,005
Balance at end of year	**-**	-
Foreign currency translation reserve		
Balance at beginning of year	**121**	(2,060,486)
Currency translation differences arising during the year	**1,366,555**	17,618
Reserves of assets held for sale (Refer to Note 18 – Assets held for sale)	**(2,042,989)**	2,042,989
Balance at end of year	**(676,313)**	121
Share-based payments reserve		
Balance at beginning of year	**13,857,478**	13,795,645
Employee and third party share options	**2,762,200**	61,833
Performance rights and share rights	**2,627,542**	-
Balance at end of year	**19,247,220**	13,857,478
Non-controlling interest reserve		
Balance at beginning of year	**-**	-
Parent equity adjustment for NCI consideration	**7,465,464**	-
Balance at end of year	**7,465,464**	-

	2016 $	2015 $
(b) Accumulated losses		
Balance at beginning of year	**(71,865,636)**	(28,875,091)
Net loss for the year	**(9,324,324)**	(42,990,545)
Balance at end of year	**(81,189,960)**	(71,865,636)

(c) Nature and purpose of reserves

(i) Available-for-sale financial assets reserve

Changes in the fair value of investments, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

24. RESERVES AND ACCUMULATED LOSSES (cont...)

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of foreign operations where their functional currency is different to the presentation currency of the reporting entity. The reserve is recognised in profit and loss when the net assets of foreign controlled entities are disposed of.

(iii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, contingent share rights and performance rights granted.

(iv) Consolidation reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interest was adjusted to record their initial relative interest and the consideration paid.

25. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

The auditor of Avenira Limited is Ernst & Young Australia.

	2016 $	2015 $
Auditor remuneration:		
Ernst & Young Australia – audit and review of financial reports	**66,950**	40,930
W.K.H Landgrebe – statutory audit of foreign subsidiary	**29,976**	-
	96,926	40,930
Other non-audit remuneration:		
Ernst & Young		
Tax compliance services	**29,931**	32,000
International tax consulting and advice on mergers and acquisitions	**21,430**	139,140
Other tax advisory services	**24,365**	18,620
Bentleys - other advisory services	**-**	1,000
W.K.H Landgrebe – tax compliance (South Africa)	**2,286**	-
	78,012	231,690
Remuneration of related practices of Ernst & Young		
Foreign subsidiary audits (Senegal and Mauritius)	**24,286**	18,318
Tax compliance services	**-**	23,594
	24,286	41,912

From time to time the Group may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

The Board has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the Corporates Act 2001.The nature of services provided to the Group during the period by Ernst & Young and other practices do not compromise the general principles relating to auditor independence because they relate to tax advice in relation to domestic and international compliance issues, and due diligence services which involved the provision of assurances arising from their engagement.

26. CONTINGENCIES

In relation to tenement acquisition agreements entered into by the Group, the following additional cash may be received dependent on future events:

TNT Mines Royalty Deed

The parent entity will receive a royalty on a quarterly basis on all product sold, removed or otherwise disposed from all tenements held by TNT Mines. The royalty is calculated at 1.5% of the net smelter return and the total amount receivable is capped at $5,000,000.

The Directors are of the opinion that it is not practicable to estimate the financial effect at the date of this report.

27. COMMITMENTS

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets for the Wonarah project areas that it has an interest in. Outstanding exploration commitments are as follows:

	2016 $	2015 $
(a) Exploration commitments		
The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets for the Wonarah project areas that it has an interest in.		
within one year	**3,069,682**	1,201,785
later than one year but not later than five years	**2,905,365**	3,674,688
later than five years	**7,707,000**	8,095,500
	13,682,047	12,971,973
(b) Non-cancellable operating lease		
Minimum lease payments:		
within one year	**104,400**	76,316
later than one year but not later than five years	**8,700**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**113,100**	76,316

The Group has a non-cancellable office lease, expiring within one year. The lease has varying terms, escalation clauses and renewal rights.

(c) Mine development commitments

within one year	**481,509**	-
Development expenditure contracted for at reporting date but not recognised as liabilities	**481,509**	-

The mine development commitments relate to completion works of the wet screening plant and water boreholes at the Baobab Phosphate Project.

28. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

29. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Avenira Limited. The consolidated entity has a related party relationship with its subsidiaries (see Note 30) and with its key management personnel.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 30.

(c) Compensation of Key Management Personnel

	2016 $	2015 $
Short-term benefits	**1,154,712**	1,157,159
Long-term benefits	**44,690**	25,950
Post-employment benefits	**80,940**	80,940
Share-based payments	**162,840**	57,146
	1,443,182	1,321,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...) YEAR ENDED 30 JUNE 2016

29. RELATED PARTY TRANSACTIONS (cont...)

Other transactions and balances with the key management personnel

Mr Richard O'Shannassy was engaged during the financial year to provide legal services. In addition to the Non-executive Director fees the total amount of $36,000 was paid to Richard O'Shannassy & Pty Co Ltd, the firm through which the legal consultancy services were provided to the Group.

30. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b) (i):

SUBSIDIARIES	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING(i)	
			2016	2015
			%	%
Minemakers Australia Pty Ltd	Australia	Ordinary	100	100
Minemakers (Iron) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Nickel) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Salt) Pty Ltd	Australia	Ordinary	100	100
Minemakers (Gold) Pty Ltd	Australia	Ordinary	100	100
Bonaparte Diamond Mines Pty Ltd	Australia	Ordinary	100	100
Samber Trading No 115 (Pty) Ltd(ii)	South Africa	Ordinary	-	100
Matayo Trading 7 (Pty) Ltd(ii)	South Africa	Ordinary	-	74
Baobab Fertilizer Africa(iii) (vii)	Mauritius	Ordinary	100	-
Baobab Mining and Chemicals Corporation SA(iii) (iv) (vii)	Senegal	Ordinary	80	-
Gadde Bissik Phosphate Operations Suarl(iii) (vii)	Senegal	Ordinary	80	-
Avenira Holdings LLC(v) (vi) (vii)	USA		100	-

i. The proportion of ownership interest is equal to the proportion of voting power held.
ii. On 16 July 2015 Avenira completed the sale of Samber Trading No 115 (Pty) Ltd and Matayo Trading 7 (Pty) Ltd to Spearhead Capital Limited.
iii. On 23 September 2015 Avenira acquired Baobab Fertilizer Africa through the amalgamation. Baobab Fertilizer Africa ("BFA") is the parent company of Baobab Mining and Chemicals Corporation SA ("BMCC") and its wholly subsidiary, Gadde Bissik Phosphate Operations Suarl.
iv. On 29 February 2016, as a result of the additional share issue by BMCC to Mimran Group and BFA, BFA's ownership's percentage in BMCC decreased from 100% to 80%. Mimran Group also holds 19.9% direct interest in Avenira Limited.
v. The entity was incorporated on 8 June 2016.
vi. The company's equity represented by an initial capital contribution by Avenira as the sole member.
vii. The financial year end date is 31 December.

On 29 February 2016 the Group disposed of 20% of the ownership interest of BMCC. Following the disposal, the Group still controls BMCC and retains 80% of the ownership interest. The transaction has been accounted for as an equity transaction with non-controlling interest (NCI), resulting in the following:

	$
Proceeds from sale of 20% ownership interest	**15,478,749**
Net assets attributable to NCI	**(8,013,285)**
Increase in equity attributable to parent	**7,465,464**
Represented by increase by:	
Increase in consolidation reserve	**7,465,464**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...) YEAR ENDED 30 JUNE 2016

30. SUBSIDIARIES (cont...)

Portion of equity interest held by non-controlling interests	COUNTRY OF INCORPORATION	2016	2015
Baobab Mining and Chemicals Corporation SA	Senegal	**20%**	-

Accumulated balance of material non-controlling interest	2016 $	2015 $
Baobab Mining and Chemicals Corporation SA	**(7,557,783)**	-

Loss allocated to material non-controlling interest	2016 $	2015 $
Baobab Mining and Chemicals Corporation SA	**140,371**	-

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company elimination.

Summarised profit or loss for Baobab Mining and Chemicals Corporation SA

	2016 $	2015 $
Other Income	**259,282**	-
Depreciation expense	**(82,963)**	-
Salaries and employee benefit expenses	**(129,588)**	-
Exploration expenditure	**(1,507)**	-
Administrative and other expenses	**(901,074)**	-
Loss for the period from continuing operations	**(855,850)**	-
Income tax benefit/ (expense)	**-**	-
Loss for the period from continuing operations	**(855,850)**	-
Total comprehensive loss	**(855,850)**	-
Attributable to non-controlling interest	**(140,371)**	-
Foreign currency loss on translation of foreign operations attributable to non-controlling interest	**(315,131)**	

Summarised statement of financial position for Baobab Mining and Chemicals Corporation SA

	2016 $	2015 $
Current assets	**8,552,091**	-
Non-current assets	**41,126,553**	-
Current liabilities	**(3,846,765)**	-
Non-current liabilities	**(8,042,965)**	-
Total Equity	**37,788,914**	-
Attributable to:		
Equity holders of parent	**30,231,131**	-
Non-controlling interest	**7,557,783**	-

Summarised statement of cash flow for Baobab Mining and Chemicals Corporation SA

	2016 $	2015 $
Cash flow from operating activities	**(1,948,351)**	-
Cash flow from investing activities	**(10,018,732)**	-
Cash flow from financing activities	**14,986,072**	-
Net increase/(decrease) in cash and cash equivalents	**3,018,989**	**-**

31. EVENTS OCCURRING AFTER THE BALANCE DATE

The following events occurred subsequent to the end of year:

a. On 7 July 2016 Avenira Ltd and JDCPhosphate (JDCP), Inc. signed an amended licence agreement for a prepayment amount of USD 350,000 that update and strengthen Avenira's exclusive IHP licence rights in Australia and Senegal.

b. On 15 July 2016 Avenira Holdings LLC, a wholly owned subsidiary of Avenira Limited, and JDCP executed a convertible secured promissory note purchase and exchange agreement. The principal amount of the JDCP promissory note is USD 1,650,000 with a maturity date of 15 July 2017 and an applicable interest rate of 12% per annum. As at the date of this report USD 1,250,000 has been advanced to JDCP in accordance with terms and condition of the promissory note.

c. On 22 July 2016 and 16 August 2016 the Company announced that it has signed three export rock phosphate supply agreements with established international fertiliser producers. The agreements are for three years and for between 360,000 and 480,000 tonnes per annum.

Other than as disclosed above, no event has occurred since 30 June 2016 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

32. STATEMENT OF CASH FLOWS

	2016 $	2015 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss from continuing operations	**(9,464,695)**	(43,018,117)
Adjustment for non-cash items		
Depreciation of plant and equipment	**94,875**	59,869
Net loss/(gain) on disposal of plant and equipment	**(108)**	18,612
Net loss/(gain) on disposal of subsidiary	**1,354,707**	-
Impairment on available-for-sale financial assets	**-**	1,463,005
Impairment on financial assets held through profit or loss	**-**	635,481
Fair value gain on revaluation of financial assets at fair value through profit & loss	**-**	(90,732)
Option expense	**130,200**	61,833
Expense in respect of shares issued in consideration for services rendered	**359,542**	71,001
Net foreign currency loss	**192,683**	3,846
Amortisation of intangibles	**25,615**	25,615
Impairment of exploration and evaluation expenditure	**574,962**	34,432,307
Write off of exploration and evaluation expenditure	**635,125**	-
Impairment provision recognised on current receivables	**93,588**	727,763
Items classified as investment / financing activities:		
Interest income	**(31,298)**	-
Other income	**(114,867)**	-
Reversal of NCI from pre-acquisition of Bonaparte Dimond Mines	**(325,107)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease in trade and other receivables	**112,937**	53,372
Increase/(decrease) in trade and other payables	**(778,520)**	749,273
Increase in provisions	**63,525**	69,590
Net cash outflow from operating activities	**(7,076,836)**	(4,737,282)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...)
YEAR ENDED 30 JUNE 2016

33. EARNINGS PER SHARE

	2016 $	2015 $
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(9,324,324)**	(42,990,545)

	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**404,401,121**	246,143,129
Weighted average number of ordinary shares used in calculation of diluted loss per share	**404,401,121**	246,143,129
(c) Effects of anti-dilution from		
Unlisted options	**127,050,000**	40,050,000
Share rights	**53,800,000**	-

Between the reporting date and the date of authorisation of these financial statements no additional securities were issued that could potentially dilute basic loss per share in the future.

34. SHARE BASED PAYMENTS

(a) Employees and Contractors Option Incentive Plan

The Group provided benefits to employees (including directors) and contractors of the Group in the form of share based payment transactions, whereby employees and contractors render services in exchange for options to acquire ordinary shares. The exercise price of the options granted range from 18 cents to 47 cents per an option. All Avenira Limited options granted have vested and have expiry dates ranging from 29 July 2016 to 18 June 2017.

The Employee and Contractors Option Incentive Plan was replaced by the Performance Rights Plan which was approved at the Company's 2015 AGM.

There were no options granted to employees during the year ended 30 June 2016.

(b) Other option-based payments

The Group provided unlisted options to third parties as incentive remuneration for provision of services. Options were issued in three equal tranches with a different exercise price for each tranche, being 10 cents, 15 cents and 25 cents, and all have an expiry date of 30 June 2018. 66.6% of the granted options vested during the financial year and the rest of the options will vest once the Company's share price reaches 25 cents.

All options granted by the Company carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

The below table summarises the number and movement in options granted and their weighted average prices:

	AVENIRA LIMITED			
	2016		2015	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE CENTS	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE CENTS
Outstanding at the beginning of the year	**26,050,000**	**25**	39,350,000	40
Granted	**9,000,000**	**17**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**(2,000,000)**	**28**	(13,300,000)	69
Outstanding at year end	**33,050,000**	**22**	26,050,000	25
Exercisable at year end	**33,050,000**		26,050,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont...) YEAR ENDED 30 JUNE 2016

34. SHARE BASED PAYMENTS (cont...)

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.06 years (2015: 1.64 years), and the exercise prices range from 10 cents to 31 cents.

All options issued during the period were valued using the Black-Scholes European Option Pricing model. The fair value of options granted during the year was estimated on the date of grant using the following input:

	2016	2015
Weighted average exercise price (cents)	**24.16**	-
Weighted average life of the option (years)	**3.89**	-
Weighted average underlying share price (cents)	**10.1**	-
Expected share price volatility	**68.20%**	-
Weighted average risk free interest rate	**1.93%**	-
Weighted average fair value per option granted (cents)	**3.1**	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

(c) Performance Rights Plan

Performance rights were issued to the executive KMP, key employees and consultants of the Group under the terms and conditions of the Avenira Performance Rights Plan which was approved at the AGM in November 2015. These performance rights were issued for nil consideration and each performance right will convert to a fully paid ordinary share upon satisfaction of the relevant performance conditions.

The performance rights expire two years after the grant date and will vest over the two-year period on the achievement of the following performance conditions in relation to the Baobab Phosphate Project:

- Tranche 1 - 50% on commencement of commercial production
- Tranche 2 - 25% on achievement of steady state commercial production
- Tranche 3 - 25% on accumulation of 100Mt of inferred resource of P_2O_5 at 20% or greater, capable of being converted into saleable product.

The below table summarises the details of the performance rights granted during the financial year.

	AVENIRA LIMITED					
	NUMBER OF RIGHTS ISSUED	FAIR VALUE AT GRANT DATE, $	EXERCISE PRICE, $	VESTING DATE	EXPIRY DATE	PROBABILITY MILESTONE ACHIEVEMENT[1]
Balance at 1 July 2015						
Grant Date: 18 November 2015						
Tranche 1	1,875,000	0.092	nil	30 Sep 16	18 Nov 17	75%
Tranche 2	937,500	0.092	nil	31 May 17	18 Nov 17	50%
Tranche 3	937,500	0.092	nil	18 Nov 17	18 Nov 17	60%
Grant Date: 3 December 2015						
Tranche 1	5,025,000	0.067	nil	30 Sep 16	3 Dec 17	75%
Tranche 2	2,512,500	0.067	nil	31 May 17	3 Dec 17	50%
Tranche 3	2,512,500	0.067	nil	3 Dec 17	3 Dec 17	60%
Total balance at 30 June 2016	**13,800,000**					

1. Each performance condition has a milestone date that the performance condition is required to be achieved by otherwise the performance right will lapse. As at 30 June 2016 the Board considered the percentage of likelihood of achieving the performance milestones as indicated in the table and it is based on the progress of operations at the Baobab Phosphate Project.

For further information on the performance conditions please refer to the page 22 of the Remuneration Report.

Due to the fact the performance rights have a market-based condition the appropriate methodology, Monto-Carlo simulation method, was used for the valuation of the performance rights.

34. SHARE BASED PAYMENTS (cont...)

The below table lists the inputs used for determination of the fair value of the performance rights granted during the financial year:

	GRANT DATE					
	18 NOVEMBER 2015			3 DECEMBER 2015		
	TRANCHE 1	TRANCHE 2	TRANCHE 3	TRANCHE 1	TRANCHE 2	TRANCHE 3
Underlying security spot price, $[1]	0.140	0.140	0.140	0.115	0.115	0.115
Exercise price	nil	nil	nil	nil	nil	nil
Dividend rate[2]	nil	nil	nil	nil	nil	nil
Stock volatility[3]	70%	70%	70%	70%	70%	70%
Risk free rate[4]	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%
Valuation date[5]	18 Nov 15	18 Nov 15	18 Nov 15	3 Dec 15	3 Dec 15	3 Dec 15

1. The underlying security spot price used for the purposes of this valuation is the closing price on the date of grant.
2. For the purposes of this valuation it is assumed that the company's share price is "ex-dividend".
3. The AEV stock volatility is based on historical data.
4. The risk free rate is the implied zero coupon yield on Australian Government Bonds of maturity equivalent to the expected life of the performance rights.
5. The valuation date is the date of grant of the performance rights.

As at 30 June 2016 no performance rights vested, therefore, no rights were converted to shares for the financial year

Fair value of share based payments that were granted or vested to directors, employees, contractors and other parties are recognised in the profit or loss for the period:

	2016 $	2015 $
Employee benefit expense - options	**-**	61,833
Other share based payment	**130,200**	-
Employee benefit expense – performance rights	**359,542**	-
Total for the year	**489,742**	61,833

35. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Avenira Limited, at 30 June 2016. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2016 $	2015 $
(a) Financial position		
Assets		
Current assets	**18,563,005**	15,597,137
Non-current assets	**42,081,409**	15,473,510
Total liabilities	**60,644,414**	31,070,647
Liabilities		
Current liabilities	**620,198**	1,385,431
Non-current liabilities	**52,478**	43,639
Total liabilities	**672,676**	1,429,070
Net Asset Position	**59,971,738**	29,641,577
Equity		
Contributed equity	**119,817,389**	89,901,303
Reserves:		
- Share Based payment reserve	**16,619,677**	13,857,477
- Performance Rights	**2,627,542**	-
Accumulated losses	**(79,092,870)**	(74,117,203)
Total equity	**59,971,738**	29,641,577
(b) Financial Performance		
Loss for the year	**(4,975,667)**	(44,533,226)
Other comprehensive income	**-**	213,291
Total comprehensive loss for the year	**(4,975,667)**	(44,319,935)

35. PARENT ENTITY INFORMATION (cont...)

(c) Details of any contingent liabilities of the parent entity

The parent entity does not have any contingent liabilities at 30 June 2016.

(d) Details of any commitments by the parent entity for the acquisition of property, plant and equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

36. BUSINESS COMBINATION

On 23 September 2015 Avenira acquired 100% of the issued shares in Baobab Fertilizer Africa (BFA). BFA is the 100% shareholder of Baobab Mining and Chemicals Corporation SA (BMCC), a company which owns the Baobab Phosphate Project in the Republic of Senegal.

The acquisition advances the Group's focus on the nutrient and fertiliser sector and nearer-term strategic objective of early cash flow with minimal capital expenditure and no technology risk.

The acquisition of BFA has been accounted for using the acquisition method. The financial statements include the results of BFA from the date of acquisition.

PURCHASE CONSIDERATION

The equity instruments were issued as a consideration in a business combination and measured at their fair value on the acquisition date as follows:

	$
Purchase consideration	
100,000,000 fully paid ordinary shares(i) (v)	10,500,000
80,000,000 unlisted options(ii) (v)	2,632,000
40,000,000 Class "A" contingent share rights(iii) (vi)	3,780,000
40,000,000 Class "B" contingent share rights(iv) (vi)	2,268,000
	19,180,000

i. Fair value is the share price on acquisition date, being $0.105.

ii. Fair value price of $0.033 was calculated using Black-Scholes European Option Pricing Model at acquisition date.

iii. Each Class "A" Contingent Share Right will convert to one ordinary share upon the earlier of achievement of (i) a board-approved preliminary feasibility study; (ii) the decision by the Board to proceed with the construction of a phosphate rock mine; or (iii) first commercial production of phosphate rock. Fair value is the share price on acquisition date, being $0.105. Maximum amount of contingent consideration is $4,200,000.

iv. Each Class "B" Contingent Share Right will convert to one ordinary share upon the first commercial production of the phosphate rock. Fair value is the share price on acquisition date, being $0.105. Maximum amount of contingent consideration is $4,200,000.

v. The consideration paid is calculated by multiplying the number of securities issued by the fair value of each security.

vi. The consideration paid is calculated by multiplying the number of securities issued by the fair value of each security multiplied by the probability of each milestone being achieved.

36. BUSINESS COMBINATION (cont…)

Fair value of identifiable net assets and liabilities

The fair values of the identifiable assets and liabilities of BFA as at the date of acquisition were:

	FAIR VALUE ON ACQUISITION $
Assets	
Cash and cash equivalents	117,255
Trade and other receivables	82,753
Property, plant and equipment	227,617
Intangible assets	10,290
Capitalised exploration and evaluation expenditure recognised on acquisition	19,908,486
Total assets	**20,346,401**
Trade and other payables	(1,166,401)
Deferred tax liability recognised on acquisition	(4,977,122)
Total liabilities	**(6,143,523)**
Total net assets acquired on acquisition	**14,202,878**
Goodwill arising on acquisition	**4,977,122**
Total purchase consideration	**19,180,000**
Analysis of cash flows on acquisition	
Cash consideration paid to acquire subsidiary	-
Cash balance acquired	117,255
Net cash inflow on acquisition	**117,255**

The fair value of trade and other receivables represents their recoverable amounts.

The goodwill on the transaction has principally arisen as a result of the requirement to recognise the deferred income tax liabilities representing the tax effect of the difference between the fair value and the tax base of assets acquired.

Other Considerations

Management are not aware of the existence of any other assets and liabilities that should be considered in the assessment of the fair value of assets and liabilities of the acquiree except for the recognition of deferred tax liabilities.

Revenue and loss of acquiree since the date of acquisition to 30 June 2016

The acquired business contributed revenue of $259,672 and a net loss of $855,850 to the Group for the period from 23 September 2015 to 30 June 2016. If the acquisition had taken place at the beginning of the year, revenue and loss for the period would have been $790,430 and $1,283,891 respectively.

Transaction costs

Transaction costs of $1,189,532 have been expensed and are included in administrative and other expenses in the profit or loss.

DIRECTOR'S DECLARATION

The Directors' declare that:

a. the financial statements and notes set out on pages 31 to 76 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001 and* other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date;

b. in their opinion, subject to achieving the matters set out in Note 1(a) of the financial report, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

c. a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

CLIFF LAWRENSON

Managing Director

Perth, 30 September 2016

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Independent auditor's report to the members of Avenira Limited

Report on the financial report

We have audited the accompanying financial report of Avenira Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001.* We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Avenira Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Avenira Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 September 2016

ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2016.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	ORDINARY SHARES	
	NUMBER OF HOLDERS	NUMBER OF SHARES
1-1,000	369	82,767
1,001-5,000	807	2,924,469
5,001-10,000	1,004	8,235,355
10,001-100,000	1,845	60,716,386
100,001 and over	337	454,867,491
	4,362	526,826,486
The number of equity security holders holding less than a marketable parcel of securities are:	-	-

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		LISTED ORDINARY SHARES	
		NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
1	Baobab Partners LLC	140,000,000	26.57
2*	HSBC Custody Nominees <Australia>	112,083,023	21.28
3	J P Morgan Nominees Australia Limited	30,235,351	5.74
4	Vulcan Phosphates LLC	14,000,000	2.66
5	Laguna Bay Capital Pty Ltd <Laguna Bay Cap Trading A/C>	7,500,000	1.42
6	Mr Brett Wilmott <Wilmott Super Fund A/C>	6,689,567	1.27
7	Mr Paul Winston Askins	6,103,117	1.16
8	Mrs Vineeta Gupta	4,273,605	0.81
9	Jerele Mining Pty Ltd	4,041,988	0.77
10	Citicorp Nominees Pty Limited	3,306,744	0.63
11	Andrew Drummond & Associates Pty Ltd <Adatwo A/C>	2,800,000	0.53
12	Mr Vincent Badalati + Mrs Angela Badalati <The Badalati S/F A/C>	2,684,771	0.51
13	Mrs Shay Margaret Drummond	2,607,300	0.49
14	Mrs Karen Elizabeth Bergin	2,378,088	0.45
15	Solution Management Pty Ltd <Lawrenson Family A/C>	2,341,868	0.44
16	Mr Graeme Charles Boyce + Mrs Margery Lynette Boyce <Boyce Super Fund A/C>	2,281,800	0.43
17	Mr Neville Allan Lake + Mrs Janet Mary Lake <N A Lake Super Fund A/C>	2,200,000	0.42
18	Ramco Investments Pty Ltd <Ramco Family A/C>	2,160,000	0.41
19	Mr Manar BA	1,897,893	0.36
20	Mr Papa Macoumba Gaye	1,897,893	0.36
	Total top 20	**351,483,008**	**66.72**
	Other	175,343,460	33.28
	Total ordinary shares on issue as at 22 September 2016	**526,826,468**	**100.00**

ASX ADDITIONAL INFORMATION (cont...)

(c) Substantial shareholders

The name of the substantial shareholder who has notified the Company in accordance with Section 671F of the Corporations Act 2001 is:

	NUMBER OF SHARES
Baobab Partners LLC	140,000,000
Tablo Corporation*	104,750,000
J P Morgan Nominees Australia Limited	30,235,351
Vulcan Phosphates LLC	14,000,000

*Beneficial owner of 104,750,000 fully paid shares.

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Company Secretary, registered and principal administrative office and share registry

Details can be found in the Corporate Information on page 2 of the Annual Report.

(f) Schedule of interest in mining tenements

LOCATION	TENEMENT	PERCENTAGE HELD / EARNING
Arruwurra, Northern Territory	EL29840	100
Wonarah, Northern Territory	EL29841	100
Dalmore, Northern Territory	EL29849	100
Wonarah Mining Lease, Northern Territory	ML27244	100
Gadde Bissik Senegal	14626/MIM/DMG	80
Gadde Bissik Senegal	09810/MIM/DMG	80

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