

AVENIRA

LIMITED



2018 ANNUAL
REPORT

HIGHLIGHTS

AVENIRA'S VISION

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

CORPORATE STRATEGY

Avenira aims 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*
- *High quality ore, potentially beneficiated to high grade premium product level*
- *First shipment March 2017*
- *Project optimisation work underway*
- *Good proximity to existing markets*
- *Progress to Exploitation Permit (Large Mine Permit) underway*

WONARAH, AUSTRALIA (100% OWNED)

- *One of Australia's largest known phosphate Mineral Resources*
- *Requires processing technology advances (IHP) to be financially viable*
- *Strategy implemented to reduce holding costs while maintaining development opportunity*

JDCPHOSPHATE, USA (APPROX. 7% HOLDING)

- *JDCP owns a proprietary phosphate technology, the Improved Hard Process (IHP)*
- *JDCP has secured funding to accelerate the next phase of commercialisation, including continuous piloting of an improved flowsheet design*
- *Avenira holds exclusive IHP licensee rights for Australia and Senegal*

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CORPORATE INFORMATION

ABN 48 116 296 541

DIRECTORS

Brett Clark

(Independent Non-executive Chairman)

Louis Calvarin

(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

Suite 19, 100 Hay Street,
Subiaco, WA 6008

PRINCIPAL PLACE OF BUSINESS

Suite 19, 100 Hay Street
Subiaco, WA 6008

SOLICITORS

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West Perth, WA 6005

DLA Piper 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

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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 Shareholders,

It gives us great pleasure to provide you with the 2018 Avenira Annual Report, as the Company continues to implement its strategy of becoming a major contributor to the world nutrient market through the development of valuable phosphate and nutrient projects, in particular the Baobab Phosphate Project in Senegal.

Throughout the year, your Company has continued to progress the Feasibility Study for the expansion of its 80% owned Baobab Phosphate Project, which builds on earlier concept studies and includes the consideration for a major expansion of the existing Gadde Bissik Mine.

As our Baobab Feasibility Study is nearing completion, and with a decision to initiate the "Bankable" Feasibility Study to follow, Mr Brett Clark has stepped up his day to day activities as non-executive Chairman to take a more active role with the Company focusing on investor engagement and capital markets. Your Board and management teams have been working tirelessly with an increased focus on project financing and project implementation.

Post period the Company announced a two-tranche placement to raise \$2.8 million, with tranche one completed in August 2018 and tranche two scheduled to be completed in October 2018. Funds raised under the Placement will be used to complete the Feasibility Study, expected Q4 2018.

The Placement followed the completion of the Entitlement Offer to raise \$15 million (before costs) in November 2017.

We believe Avenira is ideally placed to take advantage of the recent rises in phosphate rock prices and look to capitalise on the improved industry sentiment.

Brett Clark
Chairman

Louis Calvarin
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 2018.

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

Brett Clark, B. Eng., Dip. Fin. (*Independent Non-executive Chairman – appointed 21 March 2018 former Independent Non-Executive Director - appointed 14 December 2017*)

Experience & Expertise

Mr. Clark is a senior executive with 25 years' experience in the mining and energy sectors in funding, operations and advisory, notably with Hamersley Iron Pty Ltd, CRA Limited, WMC Resources Limited, Iron Ore Company of Canada, Rio Tinto Limited and subsequently with Ernst and Young, Tethyan Copper Company Pty Ltd, Oakajee Port and Rail, Mitsubishi Development and Murchison Metals. Mr. Clark has extensive leadership experience in board positions held at both listed and unlisted companies. His expertise ranges from project development to operations, sales and marketing in gold, iron ore, copper, nickel, coal, industrial minerals, and upstream oil and gas across Africa, Asia, Latin America and North America. His experience includes bond raisings, debt restructuring, equity, and mezzanine financing in the US and Asian capital markets.

Other Current Listed Company Directorships

Non-Executive Director of Nelson Resources Limited (formerly Mongolian Resources Limited) from July 2016
Non-Executive Director of Great Lakes Graphite Corp from November 2017

Former Listed Company Directorships in the last 3 years

Non-Executive Director of Surefire Resources NL (formerly BlackRidge Mining NL) from March 2016 to August 2017
Non-Executive Director of Equatorial Mining & Exploration PLC from February 2017 to May 2017
Managing Director of Ardea Resources from April 2018 to June 2018

Special Responsibilities

Chairman of the Remuneration and Nomination Committee

Dr. Christopher Pointon, B.Sc. (Hons), PhD (Geology), FGS, MIMMM, (*Non-Executive Director – appointed 21 March 2018 former Independent Non-Executive Chairman*)

Experience & Expertise

Dr. Christopher Pointon, 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 more than 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

None

Special Responsibilities

Member of the Audit Committee

DIRECTORS' REPORT (cont...)

Dr. Louis Calvarin, PhD (Process Engineering), (Managing Director and Chief Executive Officer)

Experience & Expertise

Louis Calvarin has three decades' experience with a focus on operational excellence and optimisation in various process industries including basic chemicals, specialty chemicals and the fertiliser industry. In the latter, he has been active in the full value chain, from mining exploration through phosphate rock procurement, ocean logistics and rock transformation into standard as well as specialty fertiliser products. Dr. Calvarin has led technology development and engineering projects at Rhodia in France (now Solvay) before focusing on mineral processing business operations in several European countries. He then relocated to the United States to lead the manufacturing operations of the merging Rhodia and Albright & Wilson businesses. When the division was spun-off to private equity major Bain Capital as Innophos, he stayed on board to lead the company's operations through a successful IPO, de-leveraging and then external growth into nutrition business lines.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

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 Chairman of Rimfire Pacific Mining NL from July 2016

Non-Executive Chairman of Sun Resources NL from October 2016

Former Listed Company Directorships in the last 3 years

Non-Executive Director of Kasbah Resources from March 2011 to December 2016

Special Responsibilities

Chairman of the Audit Committee

Member of the Remuneration and Nomination Committee

Timothy Cotton, B. Comm (Hons), (Non-Executive Director)

Experience & Expertise

Timothy Cotton has more than two decades of experience in the phosphate mining and fertiliser 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 Neufville & 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 and Managing Director of JDC Phosphate Incorporated.

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

DIRECTORS' REPORT (cont...)

Farouk Chaouni, MBA, (Non-Executive Director)

Experience & Expertise

Farouk Chaouni was involved in numerous transactions in the U.S. phosphate fertiliser industry including acquisition of the fertiliser assets of W.R. Grace (Seminole Fertilizer), the acquisition of the Wingate Creek Mine, and the re-commissioning of Mississippi Chemical Pascagoula phosphate fertiliser 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 fertiliser 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 fertiliser sales and raw material purchases.

Other Current Listed Company Directorships

None

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

David Mimran (Non-Executive Director)

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 Teranga Gold Corporation from October 2015.

Former Listed Company Directorships in the last 3 years

None

Special Responsibilities

None

COMPANY SECRETARY

John Ribbons, B. Bus., CPA, ACIS

Mr. John Ribbons is an accountant who has worked within the resources industry has more than 20 years as a 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 more than 15 years as a 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 |
|-------------------------------|-----------------|------------------------------|-----------------------------|
| Brett Clark | - | - | - |
| Christopher Pointon | - | - | - |
| Louis Calvarin | 377,358 | - | 5,000,000 |
| Ian McCubbing | 580,000 | - | - |
| Timothy Cotton ⁽ⁱ⁾ | 207,194,808 | 56,000,000 | - |
| Farouk Chaouni ⁽ⁱ⁾ | 207,194,808 | 56,000,000 | - |
| David Mimran ⁽ⁱⁱ⁾ | 192,250,000 | - | - |

⁽ⁱ⁾Mr Timothy Cotton and Mr Farouk Chaouni collectively hold shares and options through their related parties, Baobab Partners LLC and Vulcan Phosphates LLC.

⁽ⁱⁱ⁾ Mr David Mimran holds shares through his related party, Tablo Corporation.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year was the development and operation 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.

CONSOLIDATED RESULTS

| | YEAR END 30 JUNE 2018 \$ | YEAR END 30 JUNE 2017 \$ |
|---|--------------------------------|--------------------------------|
| Consolidated (loss) before income tax expense | (7,641,770) | (30,579,063) |
| Income tax benefit | 1,465,793 | 308,265 |
| (LOSS) FOR THE YEAR | (6,175,977) | (30,270,798) |

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)

EXPANSION AND UPGRADE PROJECT

During the 2018 financial year, the Company continued its focus on the projected major expansion and upgrade of the existing Baobab Project's operations at Gadde Bissik mine to bring it to a sustainable operational level, to be followed by next-step investments towards its longer-term objective of downstream integration.

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

The expanded and upgraded ore beneficiation unit is projected to deliver a higher processing capacity and performance at Baobab's Gadde Bissik facility. The project includes a flotation step and a magnetic separation step to improve P₂O₅ recovery from around 50% currently to around 70%, to reduce the silica assay and to control iron levels in the phosphate rock concentrate product, as well as a drying process unit to control product moisture at the commercial target at all times, annual wet season included. Following completion of the expansion and upgrade of the project, the nameplate production capacity is projected to be 1 Mtpa.

DIRECTORS' REPORT (cont...)

The 2017 conceptual engineering study concluded that upgrading the processing plant and increasing its nameplate capacity to 1 Mtpa of high-grade phosphate rock concentrate, could be undertaken for an upfront capital expenditure of approximately US\$53 million (to \pm 30% accuracy) within processing unit battery limits (outside processing unit battery limits exclusions include in particular mining equipment, site infrastructure and support facilities as well as potential investments at the projected new bulk-handling port at Bargny-Sendou). This expansion should significantly improve product specifications and place the Baobab Project in a globally competitive unit operating cost position, on a quality adjusted basis.

Following the positive conceptual study, the Company appointed Wood PLC (formerly AMEC Foster Wheeler) as lead engineering consultants for the Baobab Project Feasibility Study. Building on the conceptual study focused on ore processing completed in 2017 the feasibility study will cover all project aspects, with teams in South Africa (ore processing and overall lead) supported by process experts in the United States, as well as Great Britain (mining and tailings management).

Development test work completed during early 2018, including wet high-intensity magnetic separation tests, comminution tests and flotation tests using the actual mine site water have all led to positive outcomes confirming engineering expectations and past assumptions. . The purpose of the test work is to confirm the feasibility and effectiveness of selected technologies and to provide a design basis for the mass-balance projection and equipment sizing, in line with the project objective to deliver a concentrate with > 34% P₂O₅ with Fe₂O₃ and SiO₂ levels meeting market requirements. The results of all testwork is being incorporated into the feasibility design basis. The Company and Wood continue to advance key areas in process design, Tailings Dam Storage Facility design and mine scheduling and have started the process to develop capital and operating cost estimates.

Comminution test work was performed to evaluate the hardness and abrasiveness characteristics of the larger size rocks in Baobab's ore from the Gadde Bissik Mine and provide data for crushing and milling equipment selection and design.

The Bond Low Energy Impact Crusher Work Index tests indicated that the material is Soft within the range for resistance to breakage. The Bond Abrasion Index test results yielded an average abrasion index indicating that the material is Very Soft or not very abrasive. The Bond Rod Mill Work Index test results showed that the material is in the Medium range for resistance to breakage.

Magnetic Separation (MS) test work has been carried out on both Rare Earth Dry Roll and on Wet High-Intensity technologies with both types of processes achieving effective separation of ferruginous particles from the rock concentrates at the laboratory scale. MS test work is continuing to further optimise processing arrangements and maximise phosphate recovery and final concentrate grade.

Extensive laboratory scale flotation tests have been performed and have demonstrated at that scale that the target separation performance can be met by reverse flotation of silica (SiO₂) using amine-based formulated reagents. Current period test work includes onsite bench scale flotation testing using actual mine water on various samples extracted from the Gadde Bissik open pit. Settling and dewatering tests of tailings and of the final concentrate product are being performed by process technology suppliers in the September quarter.

While testwork completed to date supports the selected flowsheet, Wood and Avenira have instigated further flotation and comminution testwork to validate results achieved to date. This additional work will enable Wood to finalise the basis of engineering and freeze the process plant design ahead of finalising the Feasibility Study.

Due to the additional work, the Feasibility Study is now likely to be completed in the fourth quarter of the calendar year 2018 (Class 4 estimate). The Company is planning to initiate the "Bankable" Feasibility Study phase once a final project configuration has been selected, with a targeted second quarter of 2019 completion (Class 3 estimate).

The Company's mining operations have been conducted under a three-year renewable Small Mine Permit granted on 6 May 2015, for a 5 km² area in the zone of Gadde Bissik. In May 2017, the Company applied to transform the Small Mine Permit into an Exploitation Permit covering an expanded area of 75 km² around its current Gadde Bissik operations and continues to wait for the approval from the Senegalese Government; as long as the Company's application to transform the Small Mine Permit is pending, and until the official Exploitation Permit decree is issued, the Small Mine rights and obligations remain applicable. Should the Exploitation Permit not be granted for any reason and the Company wishes to continue mining operations, it may need to apply for a renewal of the existing Small Mine Permit.

DIRECTORS' REPORT (cont...)

GEOLOGY AND EXPLORATION

The project location is shown in Figure 1.

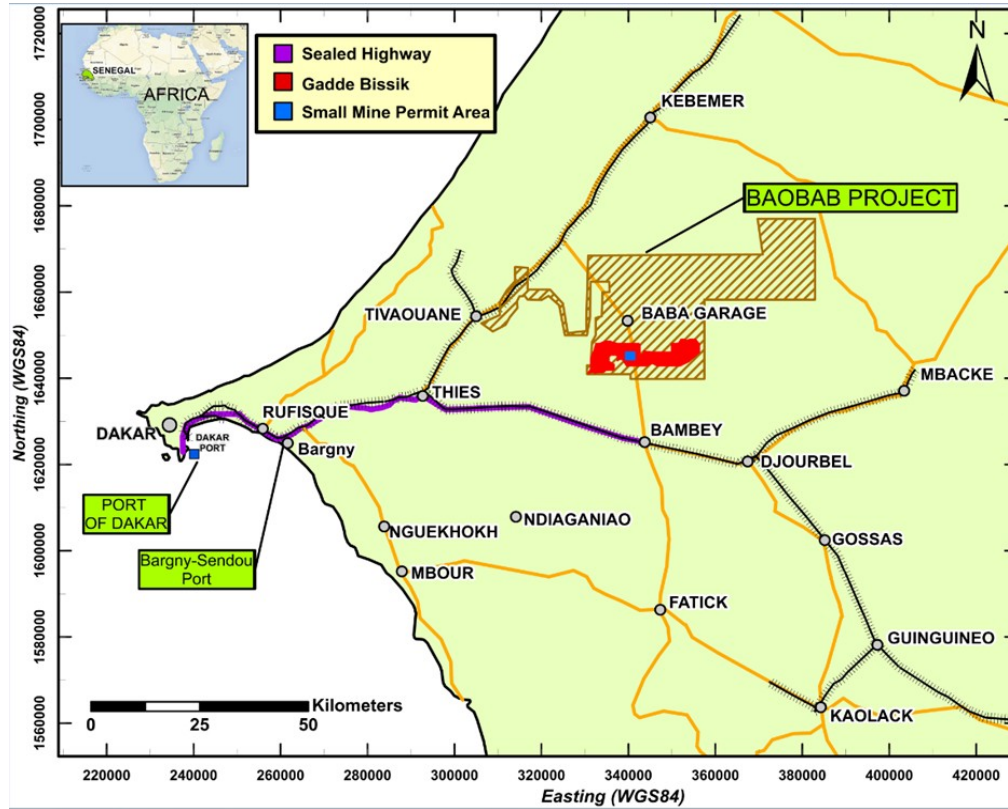


Figure 1: Project location plan

Gadde Bissik

The Group released two updated Mineral Resource estimates during the financial year, significantly increasing the potential longevity of the Baobab Phosphate Project. The first was released on 12 October 2017 with an updated Indicated Resource tonnage of 34.9 million tonnes at 20.7% P_2O_5 at a cut-off grade of 15% P_2O_5 , 11% higher than the previous estimate, and Inferred Resource tonnage of 156 million tonnes at 18% P_2O_5 at a cut-off grade of 15% P_2O_5 , 37% higher than the previous estimate (both as announced on 2 March 2017).

A second upgraded mineral resource estimate was released to the market on the 5 February 2018 with an updated Inferred Mineral Resource estimate of 173 million tonnes at 18% P_2O_5 at a 15% cut-off grade of 15% P_2O_5 , 10.9 % higher than the previously estimated Inferred Resource tonnage at Gadde Bissik. Indicated Mineral resource estimates remains at 34.9 million tonnes at 20.7% P_2O_5 at a 15% cut-off grade of 15% P_2O_5 .

This resource update and a planned resource report are key components of Baobab's Gadde Bissik Expansion and Upgrade project feasibility study currently underway. At a 10% P_2O_5 cut-off, the Indicated Resource tonnage and Inferred Resource tonnage are estimated at 42.0 million tonnes at 19.4% P_2O_5 and 320 million tonnes at 16% P_2O_5 , respectively. An objective of the Feasibility Study will be to confirm the mining plan's cut-off.

The tables on page 15 summarise the current Mineral Resource estimate, including depletion by mining to date, at a P_2O_5 cut-off grade of 15% and at a P_2O_5 cut-off grade of 10%. The figures in the tables are rounded to reflect the precision of estimates and include rounding errors.

The broader Baobab Project tenement covers approximately 1,163 km² (see Figure 3). A Small Mine Permit ("SMP") was granted in May 2015 over the area of thickest and highest-grade mineralisation identified at that point in the Gadde Bissik area. The focus of exploration has continued largely within and adjacent to this area since that time, including an infill drilling campaign within the SMP to better define the geometry of the phosphate sequence (Figure 2). In addition, drilling campaigns were carried out further to the east, with the objective to increase Inferred Resources at Gadde Bissik East and Gadde Escale prospects.

DIRECTORS' REPORT (cont...)

At the Gadde Bissik East area, drill holes outside and along the eastern edge of the SMP perimeter and those inside, in the southern part of the SMP, were designed to increase the Indicated Resources. The drilling further east of the SMP, in the direction of Gadde Escalé prospect, at a broader-spaced grid, had the objective to increase the Inferred Resources. Results from 22 additional diamond holes drilled within the resource area to the north, and in extension to the east have increased the Inferred Resources. An Inferred Resource of 82 million tonnes at 18% P₂O₅ at 15% P₂O₅ cut-off is now estimated for this area. Further infill drilling is warranted around the better intercepts.

At Gadde Escalé (formerly Gad Escalé), results from 12 additional diamond holes drilled at the western, southern and northern margins of the resource area have increased the Inferred Resources. An Inferred Resource of 48 million tonnes at 18% P₂O₅ at 15% P₂O₅ cut-off has now been estimated. The prospect is open to the east, south and west and further drilling in this area is warranted, with the dual objective to increase the area of the Resource and to identify the areas of thicker, higher grade mineralisation.

Gadde Bissik East and Gadde Escalé prospects are now connected and an Inferred Resource area is continuous over 20km from Gandal to Gadde Escalé prospects.

At Dinguiraye, Gandal and Gadde Bissik West, the resource extents have not changed. The mineralised domain interpretations have been updated. Those prospects warrant further investigations and drilling in those areas, including diamond-core infill drilling to define the areas of thicker, higher grade mineralisation.

An area of less densely-spaced drilling peripheral to the current Inferred Resource areas is categorised as an Exploration Target with an estimated tonnage of around 30 million tonnes to 60 million tonnes at approximately 16 to 20% P₂O₅. The potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain that future exploration will result in estimation of a Mineral Resource.

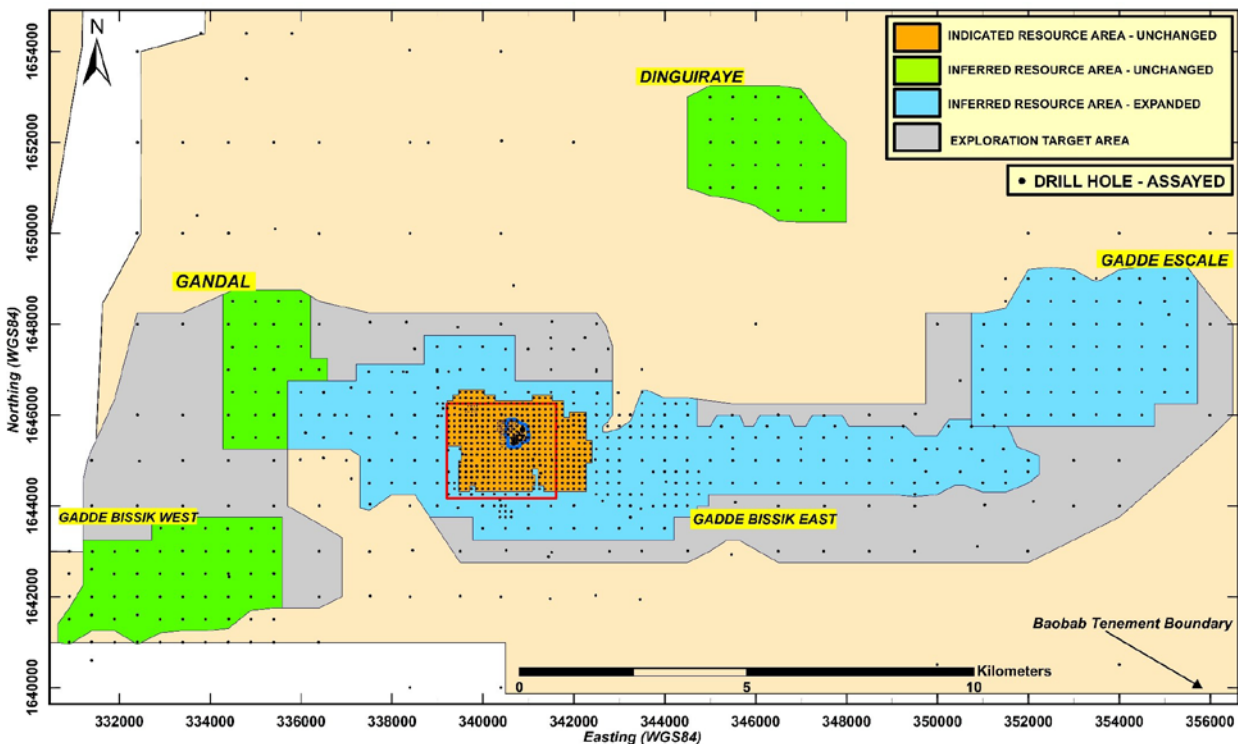


Figure 2: Drill status plan and resource outlines for Gadde Bissik area. Small mine permit outline in red. Pit outline in blue. Drilling status as at 30 June 2018.

Mining Support

During the financial year, results of the air core 50 x 50 m grid-spaced Grade Control drilling program within the SMP perimeter undertaken to better control the presence, thickness, grade and geometry of the phosphate sequence planned to be exploited during Stages 3 and 4 of the mine's operating plan became available. Assays confirm the presence and the expected grade of the phosphate horizon.

DIRECTORS' REPORT (cont...)

Furthermore, 10 air core holes at 250 x 250 m grid-spaced have been drilled, mainly outside and along the west border of the SMP perimeter. The aim was to confirm condemnation of areas for construction of future infrastructure and processing facilities. Based on visual observation of the drilling cuttings, there appears no reason for any change to the planned footprint; the phosphate horizon, though present, is too thin and deep to have economic potential. One hole intercepted a 5 m thick phosphate sequence, however visual sample observations suggest a low-grade mineralisation.

During early 2018 in support of the ongoing Baobab project feasibility study, 10 trial pits were excavated by tracked excavators on proposed future plant and tailings dam areas located outside the west border the SMP perimeter. The purpose of these trial pits was geotechnical evaluation of soils for future construction of site infrastructure and processing facilities.

Drilling statistics for the financial year is as follows:

| BAOBAB PROJECT | Air core drilling | | Diamond drilling | |
|----------------------|-------------------|------------|------------------|--------------|
| | Holes | Metres | Holes | Metres |
| Purpose of drilling | | | | |
| Regional exploration | - | - | - | - |
| Resource definition | | | | |
| - Within SMP | 1 | 47 | - | - |
| - Outside SMP | 9 | 408 | 31 | 1,314 |
| TOTAL | 10 | 455 | 31 | 1,314 |

Table 1: Drilling statistics – 1 July 2017 to 30 June 2018

PERMITTING

The Company submitted its Cherif Lo-Ngakham exploration permit three-year renewal application to the Senegalese government during May 2017. The renewal was granted by the Senegalese government on 27 July 2017 for a period to 27 July 2020.

The Company awaits the approval from the Senegalese Government for an Exploitation Permit applied for in May 2017 in an expanded area of 75 km² around its current Gadde Bissik Small Mine Permit.

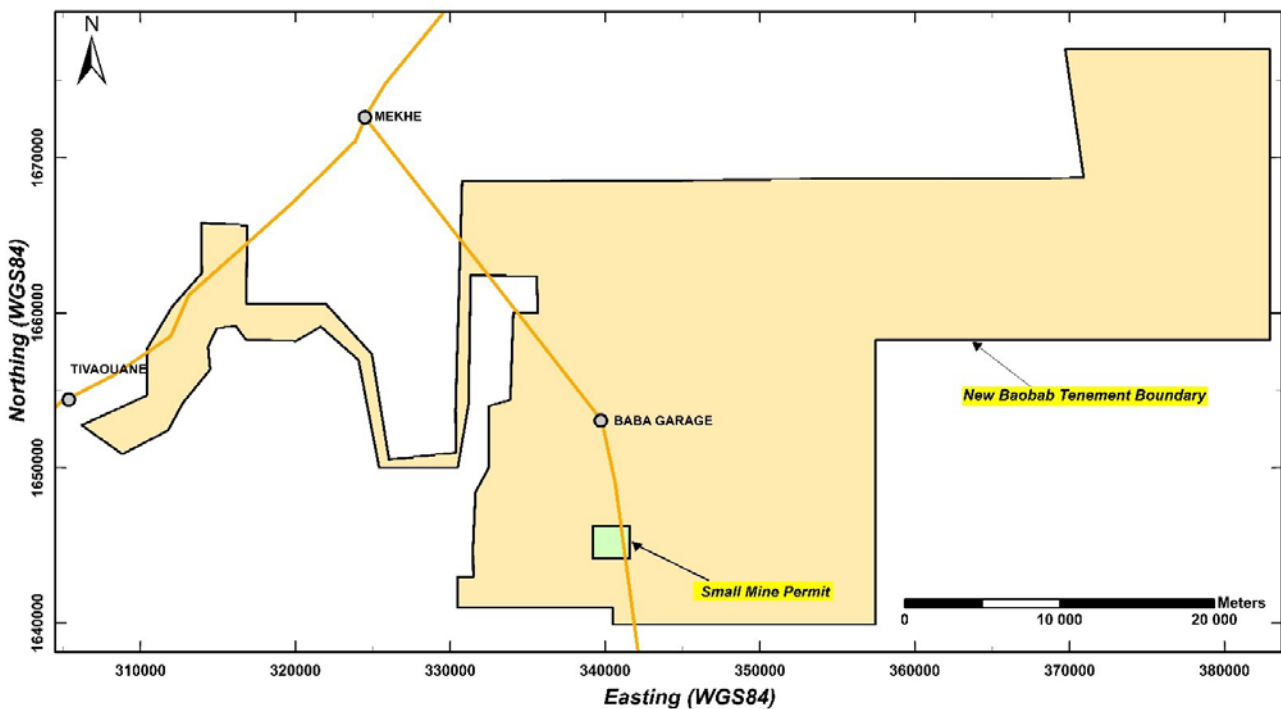


Figure 3: Cherif Lo-Ngakham permit new boundary after renewal

DIRECTORS' REPORT (cont...)

MINING AND PROCESSING

During July and August 2017 overburden was removed from a section of Stage 3 open pit, designated as Stage 3A, with limited cover left over the ore in that 3A area, for protection. Mining activities were put on hold due to the commencement of the wet season starting 1 September 2017.

Crushing and processing of mined ore from the ROM pad recommenced following the end of the 2017 wet season in preparation for the third shipment. This took place in January 2018 and crushing and processing activities are ongoing as final product is prepared for sale to a local end user.

SAFETY AND LOCAL COMMUNITY

No lost time injuries or significant incidents were reported during the financial year.

The Company continued to collaborate closely with the local communities through the financial year. Starting with the inception of the rainy season in July 2017 and scaling back in operations, rotational employment at the Baobab Project has been reduced.

BARGNY-SENDOU PORT

During late 2017 the Company entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of a new bulk solids and liquids port development at Bargny-Sendou east of Dakar, from which exports are expected to be shipped in the future. Initial civil works (land clearing and levelling of the entire port area) were completed and the Minergy Port project's next phase is planned to include construction of the port jetty.

MARKETING

On 19 January 2018, the Company announced that it had completed its third shipment. The vessel loaded with 25,155 tonnes of Gadde Bissik phosphate rock concentrate departed from the port of Dakar. In addition, in November 2017 1,646 tonnes of phosphate concentrate was sold locally. Since June 2018 the Company has been shipping limited quantities of phosphate rock product to a Senegalese major fertiliser producer.

OTHER

In early January 2018 Senegalese subsidiary company, Gadde Bissik Phosphate Operations SUARL, received a VAT refund of XOF 1.6 billion (A\$3.7 million) in the form of tax certificates on its outstanding VAT receivable from the Senegalese Tax Authority following approval from the Senegalese Tax Commissioner. The tax certificates, excluding XOF 8.1 million (A\$19,000), were redeemed for cash.

In late March 2018 Gadde Bissik Phosphate Operations SUARL finalised an agreement with CBAO Groupe Attijariwafa Bank to extend the deferral of the principal repayments of the existing working capital facility by a further 12 months to December 2018. All other terms and conditions remain as previously disclosed.

GOSSAS PHOSPHATE PROJECT

Following notification in the June 2017 quarterly report that no further drilling in the Gossas area was planned, the Board decided not to proceed with the acquisition of the Gossas tenement.

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% OWNED)

SUMMARY

Avenira's other asset is the 100% owned Wonarah Phosphate Project in the Northern Territory, which forms part of the Company's long-term strategy and will be enabled by the success of the Improved Hard Process (IHP) process.

Wonarah is one of the largest known phosphate deposits in Australia containing the following resource:

- Measured and indicated resources 300Mt @ 18.2% P₂O₅ (10% cut off)
- Inferred Resource 542Mt @ 18% P₂O₅ (10% cut off)

Avenira believes that Wonarah has the potential to become a major centre for the production of super phosphoric acid and some of its main advantages, apart from its size and grade, include:

- Situated in a stable political jurisdiction
- Northern Territory Government support and designation as a Major Project

DIRECTORS' REPORT (cont...)

- Close proximity to the regional centre at Tennant Creek Access to an established bulk commodity port at Darwin
- Bitumen highway access via the Barkley Highway
- 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 (required as inputs to the IHP Process) readily available nearby

Wonarah is currently on hold awaiting validation of the IHP Process and the Company continues to monitor the improving phosphate market conditions with respect to progressing the Wonarah Project.

DIRECTORS' REPORT (cont...)

ANNUAL MINERAL RESOURCE STATEMENT AS AT 30/06/18

| WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA | | | | | | | | | | | | |
|--|----------------------|--------|-------------------------------|--------------------------------|------|--------------------------------|------------------|------|------|-------------------|------------------|------------------|
| Cut off P ₂ O ₅ % | Resource Category | Tonnes | P ₂ O ₅ | Al ₂ O ₃ | CaO | Fe ₂ O ₃ | K ₂ O | MgO | MnO | Na ₂ O | 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 ₂ O ₅ | | | | | | | | | | |
| Area | | Resource Category | Mt | P ₂ O ₅ % | CaO % | MgO % | Al ₂ O ₃ % | Fe ₂ O ₃ % | SiO ₂ % | |
| Gadde Bissik East | Within SMP | Indicated | 27.2 | 21 | 29 | 0.08 | 2.10 | 3.68 | 40.7 | |
| | | Inferred | 2 | 20 | 28 | 0.14 | 2.6 | 2.7 | 43 | |
| | Outside SMP | Indicated | 7.7 | 19.6 | 27.2 | 0.08 | 2.28 | 3.93 | 44 | |
| | | Inferred | 80 | 18 | 25 | 0.12 | 2.9 | 3.6 | 47 | |
| | Combined | Indicated | 34.9 | 20.7 | 28.6 | 0.08 | 2.14 | 3.74 | 41.4 | |
| | | Inferred | 82 | 18 | 25 | 0.12 | 2.9 | 3.6 | 47 | |
| Gadde Bissik West | | Inferred | 6 | 17 | 23 | 0.2 | 5.1 | 6.7 | 42 | |
| Gandal | | Inferred | 16 | 18 | 25 | 0.1 | 3.4 | 8.8 | 41 | |
| Dinguiraye | | Inferred | 21 | 19 | 27 | 0.2 | 3.1 | 3.3 | 43 | |
| Gadde Escale | | Inferred | 48 | 18 | 26 | 0.1 | 2.2 | 2.9 | 47 | |
| Total Resources | | Indicated | 34.9 | 20.7 | 28.6 | 0.08 | 2.14 | 3.74 | 41 | |
| | | Inferred | 173 | 18 | 25 | 0.13 | 2.8 | 4 | 46 | |

| BAOBAB PROJECT, REPUBLIC OF SENEGAL | | | | | | | | | | |
|---|----------------|----------------------|------|------------------------------------|----------|----------|-------------------------------------|-------------------------------------|-----------------------|--|
| Cut-off grade 10% P ₂ O ₅ | | | | | | | | | | |
| Area | | Resource Category | Mt | P ₂ O ₅ % | CaO % | MgO % | Al ₂ O ₃ % | Fe ₂ O ₃ % | SiO ₂ % | |
| Gadde Bissik East | Within SMP | Indicated | 31.5 | 20 | 28 | 0.09 | 2.19 | 3.80 | 42.9 | |
| | | Inferred | 3 | 18 | 24 | 0.15 | 3.0 | 2.9 | 49 | |
| | Outside SMP | Indicated | 10.5 | 17.9 | 24.7 | 0.08 | 2.40 | 4.10 | 47 | |
| | | Inferred | 142 | 16 | 22 | 0.17 | 3.4 | 3.9 | 51 | |
| | Combined | Indicated | 42.0 | 19.4 | 26.8 | 0.09 | 2.24 | 3.88 | 44.0 | |
| | | Inferred | 145 | 16 | 22 | 0.17 | 3.4 | 3.9 | 51 | |
| Gadde Bissik West | | Inferred | 26 | 13 | 17 | 0.4 | 6.7 | 7.0 | 48 | |
| Gandal | | Inferred | 32 | 15 | 21 | 0.1 | 4.2 | 7.9 | 46 | |
| Dinguiraye | | Inferred | 35 | 17 | 25 | 0.2 | 3.4 | 3.7 | 46 | |
| Gadde Escale | | Inferred | 82 | 16 | 23 | 0.2 | 2.4 | 3.0 | 52 | |
| Total Resources | | Indicated | 42.0 | 19.4 | 26.8 | 0.09 | 2.24 | 3.88 | 44 | |
| | | Inferred | 320 | 16 | 22 | 0.18 | 3.5 | 4 | 50 | |

DIRECTORS' REPORT (cont...)

| ANNUAL CHANGE IN RESOURCE CATEGORY | | | | |
|--|------------|---------------------------------|------------|---------------------------------|
| BAOBAB PROJECT AT 15% P₂O₅ CUTOFF GRADE | | | | |
| Category | Indicated | | Inferred | |
| | Tonnes (M) | % P ₂ O ₅ | Tonnes (M) | % P ₂ O ₅ |
| 2018 | 34.9 | 20.7 | 173 | 18 |
| 2017 | 31.4 | 20.6 | 114 | 19 |
| Change | +3.5 | +0.1 | +59 | -1 |

Table 2: Annual Mineral Resource Statement

The Mineral Resource estimates for the Wonarah Project remained unchanged from 2017. Increases to both the Indicated and Inferred Mineral Resource estimates for the Baobab Phosphate Project, at a 15% P₂O₅ cut-off grade, are based on the results of substantial drilling programs undertaken during previous years, in particular, both within and adjacent to the Small Mine Permit and at the Gadde Escale prospect. The Mineral Resource estimates include depletion by mining to date. Mineral Resource estimates for Baobab are also included at a 10% P₂O₅ cut-off grade. The lower cut-off grade reflects potentially reduced feed grades based on the proposed enhanced beneficiation process released to the market on 16 May 2018.

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, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Fulton is employed by Russell Fulton Pty Ltd. Mr. Fulton was the former Geological Manager and a full-time employee of the Company and now provides geological consulting services to the Company. 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.

DIRECTORS' REPORT (cont...)

JDCPHOSPHATE, INC., FLORIDA (APPROX. 7% EQUITY)

Avenira owns approximately 7% of JDCP and has an exclusive licence to utilise the IHP technology in Australia and Senegal for an extended period of time.

During the period, JDCP commissioned its new demonstration plant at its Fort Meade, Florida facility. Since commissioning its redesigned demonstration plant JDCP has successfully used its proprietary IHP technology to produce high-quality super-phosphoric acid (SPA) using low-quality phosphate rock tailings. In recent operations at its demonstration plant, JDCP operated its entire process continuously – including feed preparation and agglomeration, induration, reduction, oxidation, and acid production – to produce super-phosphoric acid using low-quality phosphate rock waste tailings from local mining operations in Florida combined with clay and petroleum coke.

Over the next several months JDCP, is planning to further upgrade its commercial demonstration plant for on-demand and sustained operations. By early 2019 JDCP are planning to be capable of testing various qualities of phosphate ore raw material at their Fort Meade facility, allowing potential licensees to validate the process for the phosphate ore and silica sources they have available, and will then complete its process design engineering for commercial-scale applications of the IHP technology.

Due to the uncertainty regarding the timing and achievement of IHP commercialisation, the carrying value of the licence rights and secured convertible funding remains impaired as at 30 June 2018.

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

INVESTMENTS AND CORPORATE INFORMATION

BOARD CHANGES

On 14 December 2017 Brett Clark was appointed as an independent Non-Executive Director. On 21 March 2018 he was appointed as independent Non-Executive Chairman. Mr. Clark replaced Dr Christopher Pointon who stepped down as chairman and remains a Non-Executive Director.

FINANCING

During the financial year the Company undertook the following financing activities to fund the completion of the expansion and upgrade investment and the Company's ongoing working capital requirements.

Short term shareholder loans

In June 2017 the Company secured short-term financing by way of shareholder loans from shareholders Tablo and Agrifos totalling US\$4.9 million (Shareholder Bridge Loans). During the second half of 2017 the Company drew down the remaining US\$3.6 million available under the Shareholder Bridge Loans.

Entitlement Offer

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

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

The Shortfall Shares were allocated in accordance with the Shortfall Allocation Policy detailed in the Offer Document. The Company received subscriptions for 40,362,500 Shortfall Shares from Tablo Corporation and 85,785,375 Shortfall Shares

DIRECTORS' REPORT (cont...)

from Agrifields DMCC, the Underwriters of the Entitlement Offer. The Agrifields Shortfall Shares were paid for in two tranches: A\$500,000 was received on 13 December 2017 and A\$3,617,698 was received in January 2018.

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

November 2017 Placement

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

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

August 2018 Placement

Following the end of the financial year on 7 August 2018 the Company announced a share placement to raise A\$2.8 million via the issue of 139,999,999 fully paid ordinary shares at a price of \$0.02 per share (Placement). The Placement will be completed in two tranches as follows:

- (i) 40,000,000 was issued following receipt of A\$800,000 on 16 August under the Company's existing 15% capacity under ASX Listing Rule 7.1 (Tranche 1 Shares); and
- (ii) 99,999,999 shares will be issued, following shareholder approval at a general meeting of shareholders held on 20 September 2018 (Tranche 2 Shares) (General Meeting). The receipt of A\$2 million and settlement of the Tranche 2 Shares is expected to occur on or around 8 October 2018.

With the Feasibility Study now likely to be completed in 4Q 2018, the Company is currently reviewing the potential amount, timing and sources of interim funding to enable the Company to complete the Feasibility Study.

FINANCIAL REVIEW

FINANCIAL INFORMATION

At 30 June 2018, the total closing cash balance was \$3,679,173 (2017: \$2,946,100). The Group has recorded an operating loss after income tax for the year ended 30 June 2018 of \$6,175,977 (2017: loss of \$30,270,798).

OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows

| | 2018 REVENUE \$ | 2018 RESULTS \$ |
|--|-----------------------|-----------------------|
| Consolidated entity activities before income tax | 83,859 | (7,641,770) |

Shareholder Returns

| | 2018 | 2017 |
|---------------------------------------|---------------|--------|
| Basic profit/(loss) per share (cents) | (0.69) | (5.09) |

IMPAIRMENT – WONARAH PHOSPHATE PROJECT

A valuation review conducted by Optiro in December 2016 revealed that the fair market value of the Wonarah Phosphate Project had decreased from the valuation prepared at June 2016. Optiro's valuation lies within a range \$6,100,000 and \$10,700,000, with a preferred value of \$8,400,000. The Company considered the low value of \$6,100,000 as an appropriate representation of the fair value of the project at that time. Subsequent reviews conducted by Optiro in June

DIRECTORS' REPORT (cont...)

2017, December 2017 and June 2018 revealed the fair market value of the Wonarah Project had not changed from the December 2016 valuation. Therefore, any costs incurred during the period that were capitalised were impaired. As a result, during the reporting period an amount of \$109,630 (30 June 2017: \$9,431,555) was impaired and recognised in the Statement of Profit and Loss and Other Comprehensive Income.

Refer to Note 14 for further details.

IMPAIRMENT – BAOBAB PHOSPHATE PROJECT

A valuation review conducted by Optiro in June 2017 revealed that the fair market value of the Baobab Phosphate Project lies within a range of \$32,800,000 and \$62,800,000, with a preferred value of \$47,900,000. The Company considered the preferred value of \$47,900,000 as an appropriate representation of the fair value of the project. Further reviews were conducted by Optiro at 31 December 2017 and 30 June 2018 on the same basis as at 30 June 2017. The valuation review as at 30 June 2018 revealed that the fair market value of the Baobab Phosphate Project had increased and lies within a range of \$35,800,000 and \$78,900,000 with a preferred value of \$55,500,000. The valuation increase was due to the significant increase in mineral resources estimates announced by the Company in October 2017. The directors considered that the independent expert's preferred value of \$55,500,000 was most representative of the fair value of the Baobab Phosphate Project, therefore at 30 June 2018, the recoverable amount was calculated as \$54,390,000 after allowing for estimated costs of disposal. As a result, during the reporting period an amount of \$5,863,171 (30 June 2017: \$5,954,404) was impaired and recognised in the Statement of Profit and Loss and Other Comprehensive Income. The 30 June 2018 impairment loss was allocated to the capitalised mine development expenditure. The 30 June 2017 impairment loss was allocated firstly to Goodwill in the amount of \$4,721,345, with the balance of \$1,233,059 allocated to the capitalised mine development expenditure.

Refer to Note 15 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 August 2018 the Company announced a share placement to raise A\$2.8 million via the issue of 139,999,999 fully paid ordinary shares at a price of \$0.02 per share (Placement). The Placement will be completed in two tranches as follows:
 - 40,000,000 was issued following receipt of A\$800,000 on 16 August under the Company's existing 15% capacity under ASX Listing Rule 7.1 (Tranche 1 Shares); and
 - 99,999,999 shares will be issued, following shareholder approval at a general meeting of shareholders held on 20 September 2018 (Tranche 2 Shares) (General Meeting). The receipt of A\$2 million and settlement of the Tranche 2 Shares is expected to occur on or around 8 October 2018.

Other than as disclosed above, no event has occurred since 30 June 2018 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

The Group will continue to focus on executing the Strategic Plan as announced in June 2017. This will involve the feasibility study currently underway for the targeted 1Mtpa nameplate capacity, expansion and upgrade of the existing operations at the Gadde Bissik mine and seeking additional funding in the form of debt or equity to complete the expansion. The Group will continue to advance its application process for an Exploration Permit to pursue its strategy of expansion across the Baobab Phosphate Project.

DIRECTORS' REPORT (cont...)

The Company's long-term strategic objective is to develop a dedicated Phosphoric Acid Plant that could be supplied with Gadde Bissik phosphate rock concentrate.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and 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.

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 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...)

DIRECTORS' MEETINGS

During the year the Company held 13 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 |
| Brett Clark | 8 | 8 | * | * | * | * |
| Louis Calvarin | 13 | 13 | * | * | * | * |
| Christopher Pointon | 12 | 13 | 2 | 2 | 5 | 5 |
| Ian McCubbing | 13 | 13 | 2 | 2 | 5 | 5 |
| Timothy Cotton | 13 | 13 | 2 | 2 | 5 | 5 |
| Farouk Chaouni | 10 | 13 | * | * | * | * |
| David Mimran | 3 | 13 | * | * | * | * |

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 80,000,000 unissued ordinary shares in respect of which options are outstanding.

| | NUMBER OF OPTIONS |
|---|-------------------|
| Balance at the beginning of the year | 88,075,000 |
| Movements of share options during the year | |
| Expired on 30 June 2018 (\$0.12) | (2,075,000) |
| Expired on 30 June 2018 (\$0.18) | (3,000,000) |
| Expired on 30 June 2018 (\$0.25) | (3,000,000) |
| Total number of options outstanding as at 30 June 2018 and the date of this report | 80,000,000 |

The balance is comprised of the following:

| EXPIRY DATE | GRANT DATE | EXERCISE PRICE (CENTS) | NUMBER OF OPTIONS |
|---|-------------------|------------------------|-------------------|
| 24 September 2019 | 24 September 2015 | 25 | 80,000,000 |
| Total number of options outstanding at the date of this report | | | 80,000,000 |

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:

- willful breach of duty; or
- 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 \$132,000 (2017: \$59,361).

DIRECTORS' REPORT (cont...)

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 26 - Remuneration of Auditors, to the Consolidated Financial Statements on page 83.

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 36.

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. Share-based compensation
- H. Equity holdings

DIRECTORS' REPORT (cont...)

A. INTRODUCTION

The remuneration report for the year ended 30 June 2018 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 2018. Unless otherwise indicated, the individuals were KMP for the entire financial year.

| NAME | POSITION | TERM AS KMP |
|--|---|--|
| i) Non-executive Directors | | |
| Brett Clark | Independent Non-executive Chairman | i. Appointed Non-executive Director 14 December 2017 ii. Appointed Chairman 21 March 2018 |
| Christopher Pointon | Independent Non-executive Director | Full financial Year |
| Ian McCubbing | Independent Non-executive Director | Full financial Year |
| Timothy Cotton | Non-executive Director | Full financial Year |
| Farouk Chaouni | Non-executive Director | Full financial Year |
| David Mimran | Non-executive Director | Full financial Year |
| ii) Executive Directors | | |
| Louis Calvarin | Managing Director | Full financial Year |
| iii) Other executive key management personnel | | |
| Rod Wheatley | Chief Financial Officer and Company Secretary | Full financial Year |

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 2018 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 21 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.

DIRECTORS' REPORT (cont...)

An independent remuneration consultant, Gerard Daniels, was appointed in August 2017 to assist with the development of a standard executive incentive plan.

No other remuneration consultants were engaged during the financial year.

Both Gerard Daniels and the RNC are satisfied that the advice provided by Gerard Daniels is free from undue influence from the KMP to whom the remuneration recommendations apply. Gerard Daniels was instructed by the RNC Chairman, and the RNC Chairman received the remuneration recommendations directly from Gerard Daniels.

The remuneration recommendations were provided to the RNC as an input for decision making purposes only. The RNC considered the recommendations, along with other factors, in making their remuneration decisions.

The fees paid to Gerard Daniels for the development of the standard executive incentive plan were \$10,000 for the 2018 financial year. No other services were provided by Gerard Daniels during the 2018 financial year.

Securities trading policy

The Group securities trading policy applies to all Non-executive Directors and executives. The policy prohibits employees from dealing in Avenira Limited securities while in possession of material non-public information relevant to the Group.

The policy is available to be viewed within the corporate governance section of the Company's website.

Voting and comments – 2017 Annual General Meeting (AGM)

The Company received 97% "Yes" votes cast on its Remuneration Report for the 2017 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 is comprised of:

- a. Fixed Remuneration - Base Salary, including superannuation (if applicable)
- b. Variable Remuneration - Incentives and Cash Bonuses

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, location and length of service) and superannuation contributions, where applicable. The executive KMPs, where applicable, 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 AND CASH BONUSES

Incentives in the form of equities and cash bonuses 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

DIRECTORS' REPORT (cont...)

objectives.

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

2.1 LONG TERM INCENTIVE (LTI)

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 replaced 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 are 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.

Following the receipt of independent expert advice on its executive incentive scheme, the company implemented a new long-term incentive structure for the 2018 financial year. This is considered a cost effective and efficient reward to appropriately incentivise continued performance.

2.1.1 2017 Performance Rights

Mr. Louis Calvarin was granted 5,000,000 Performance Rights following approval by shareholders at the 2017 Annual General Meeting with the condition that the Performance Rights expire five years after the issue date. The maximum number of Performance Rights to be issued to Mr. Calvarin (or his nominees) being 5,000,000 is based on an 80% conversion of Mr. Calvarin's annual Total Fixed Remuneration (TFR) at a Share price of A\$0.072, being the 30-day VWAP of shares prior to 1 July 2017. The actual number of Performance Rights that will vest and convert into shares is dependent on the satisfaction of the following Performance conditions:

1. Mr. Calvarin remaining in the employment of the company at the relevant testing date; and
2. The company's relative "Total Shareholder Return" (TSR) is;
 - (i) greater than zero; and
 - (ii) when ranked amongst the TSR achieved by other companies of the S&P ASX 300 Metals and Mining Index is equal to, or greater than, the returns of 50% of those companies

Subject to the satisfaction of the above performance conditions, at the end of the 3-year performance period, the Board will determine the number of Performance Rights that will vest based on the performance of the Company's relative TSR compared to the S&P ASX 300 Metals and Mining Index as follows:

DIRECTORS' REPORT (cont...)

| RELATIVE TSR PERFORMANCE | PERCENTAGE VESTING |
|--|---|
| Below the 50 th percentile | 0% |
| Between the 50 th and 75 th percentile | Straight-line vesting between 50 – 100% |
| At or above the 75 th percentile | 100% |

2.1.2 2015 Performance Rights

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

- 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⁾
- 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⁾
- 25% on accumulation of 100 Mt of Inferred Resource of P₂O₅ 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:

- 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
- 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 decides 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 milestone dates as follows:

- Tranche 1: 30 September 2016
- Tranche 2: 31 May 2017
- Tranche 3: 3 December 2017

Tranche 1 and 2, performance rights milestone dates were applied in the 2017 financial year. Following the passing of Tranche 3 Performance Rights milestone dates in the 2018 financial year, the RNC reviewed the achievements of the Company against the terms and conditions of the respective Performance Rights. Having received and considered the RNC's analysis and recommendation, the Board made the decision that Tranche 3 milestones were deemed to be met, resulting in the vesting of 100% of the Tranche 3 Performance Rights on 21 September 2017 and conversion to shares on 2 February 2018.

Further information on Performance Rights on issue can be found on pages 32 under the Share-based Compensation heading within the Remuneration Report.

DIRECTORS' REPORT (cont...)

2.2 SHORT TERM INCENTIVE (STI)

Under the STI, certain executives have the opportunity to earn an annual incentive award. The STI recognises and rewards annual performance. The bonus KPIs are chosen as they reflect the core drivers of the short-term performance and also provide a framework for delivering sustainable value to the Group and its shareholders.

2017 Short term incentive

The Managing Director, Mr. Louis Calvarin, was entitled to receive a cash bonus of up to \$112,500 subject to the achievement of certain KPI's within the first 6 months of his employment. Mr. Calvarin was employed by the Company on 29 March 2017; therefore, KPI achievement and eligibility for a bonus payment was determined by the Board after 29 September 2017. The Board in its absolute discretion determined whether Mr Calvarin had achieved the KPI's and what proportion of the bonus amount was payable.

Any bonus ceases to be payable in the event Mr. Calvarin is not employed by the Company and/or is under a notice of termination as at the last day of the financial year or lesser period to which the bonus relates. If Mr. Calvarin is under a notice of termination and has worked during the notice period for a period exceeding 3 months, Mr. Calvarin will remain entitled to receive any bonus on a pro rata basis.

A summary of the measures and weightings are set out in the table below:

| ELEMENT | KPI | FULLY ACHIEVED | 50% ACHIEVED | % OF TOTAL BONUS AMOUNT | % OF TOTAL BONUS AMOUNT ACHIEVED |
|------------|---|----------------|--------------|-------------------------|----------------------------------|
| Safety | LTI | Zero | 1 | 10% | 10% |
| Production | 20-day average | 1,300 tpd | 1,000 tpd | 30% | - |
| Funding | \$ received | A\$30M | A\$20M | 20% | 8% |
| Growth 1 | Dryer: PFS complete & approved | Sep-2017 | Nov-2017 | 20% | 20% |
| Growth 2 | Floatation: Scoping Study, approval to proceed to PFS | Sep-2017 | Nov-2017 | 20% | 20% |

Based on the assessment, a cash bonus in the amount of \$65,250 was paid to the Managing Director, Mr. Louis Calvarin, during the 2018 financial year.

2018 short term incentive

The Managing Director, Mr. Louis Calvarin, was entitled to receive a bonus of up to 50% of his total fixed annual remuneration for the financial year ending 30 June 2018, with 50% to be paid in cash and 50% in shares, with the share issue deferred for 12 months, subject to the achievement of certain KPI's.

A summary of the measures and weightings are set out in the table below:

| KPI | FULLY ACHIEVED | 50% ACHIEVED | % OF TOTAL BONUS AMOUNT | % OF TOTAL BONUS AMOUNT ACHIEVED |
|--|----------------|--------------|-------------------------|----------------------------------|
| Class 3 FS Cost Estimate | Full only | - | 25% | Nil |
| Gov't Decree awarding Exploration Permit | Full only | - | 5% | Nil |
| Rights Issue-A\$ raised | A\$15M | A\$13M | 20% | 20% |
| Cashflow Performance | +/-5% | +/-15% | 20% | 20% |
| Major fund raise | Full only | - | 25% | Nil |
| LTI | Zero | 1 | 5% | 5% |

DIRECTORS' REPORT (cont...)

Based on the assessment, the Company has accrued \$101,250 in relation to the estimated cash bonus earned by Mr. Calvarin as at 30 June 2018. The final bonus amount to be paid to Mr. Calvarin will be 50% in cash and 50% in shares based on the share price at 1 July 2018 and will be issued on 1 July 2019.

2.3 SIGN ON PAYMENTS

In addition to the fixed remuneration, the Board may determine, from time to time, to award sign on payments to new executives.

The Managing Director, Mr. Louis Calvarin was entitled and received a sign on bonus on 14 December 2017 of 377,358 fully paid ordinary shares to the value of \$20,000 following approval of shareholders at the Annual General Meeting held on 14 November 2017. The amount accrued at 30 June 2018 was nil (30 June 2017: \$20,000).

The shares were issued at \$0.053 per share being, the volume weighted average market price of the fully paid ordinary shares of the Company over the thirty trading days immediately preceding the date of the meeting to approve the issue.

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 executive 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 33 and 34 of the remuneration report.

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------|--------|--------|--------|---------|---------|
| EPS (cents) | (0.69) | (5.09) | (2.31) | (17.5) | (1.4) |
| Share Price | \$0.02 | \$0.07 | \$0.19 | \$0.071 | \$0.081 |

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

DIRECTORS' REPORT (cont...)

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

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

| | SHORT-TERM | | | NON-MONETARY ⁽⁶⁾ | POST EMPLOYMENT SUPERANNUATION | LONG-TERM LEAVE | TERMINATION PAYMENTS | TOTAL CASH RELATED | SHARE-BASED PAYMENTS | | | PERFORMANCE RELATED % |
|------------------------------------|---------------|------------|--------|-----------------------------|--------------------------------|-----------------|----------------------|--------------------|-----------------------------------|-----------------------|--------------------|-----------------------|
| | SALARY & FEES | CASH BONUS | \$ | | | | | | PERFORMANCE RIGHTS ⁽⁷⁾ | SHARES | TOTAL REMUNERATION | |
| Directors | | | | | | | | | | | | |
| Brett Clark ⁽¹⁾ | | | | | | | | | | | | |
| 2018 | 49,839 | - | - | - | - | - | - | 49,839 | - | - | 49,839 | - |
| 2017 | - | - | - | - | - | - | - | - | - | - | - | - |
| Louis Calvarin ⁽²⁾ | | | | | | | | | | | | |
| 2018 | 450,000 | 93,130 | 68,684 | - | - | - | - | 611,814 | 40,721 | 50,625 | 703,160 | 26% |
| 2017 | 117,692 | 22,745 | 14,492 | - | - | - | - | 154,929 | - | 20,000 ⁽⁸⁾ | 174,929 | 13% |
| Christopher Pointon ⁽³⁾ | | | | | | | | | | | | |
| 2018 | 95,887 | - | - | - | - | - | - | 95,887 | - | - | 95,887 | - |
| 2017 | 97,519 | - | - | - | - | - | - | 97,519 | - | - | 97,519 | - |
| Cliff Lawrenson ⁽⁴⁾ | | | | | | | | | | | | |
| 2018 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2017 | 291,923 | - | - | 27,733 | - | 550,000 | - | 869,656 | 48,298 ⁽⁶⁾ | - | 917,954 | 5% |
| Dick Block | | | | | | | | | | | | |
| 2018 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2017 | 45,281 | - | - | - | - | - | - | 45,281 | - | - | 45,281 | - |
| Ian McCubbing ⁽⁵⁾ | | | | | | | | | | | | |
| 2018 | 77,627 | - | - | 6,073 | - | - | - | 83,700 | - | - | 83,700 | - |
| 2017 | 108,991 | - | - | 5,918 | - | - | - | 114,909 | - | - | 114,909 | - |
| Timothy Colton | | | | | | | | | | | | |
| 2018 | 60,000 | - | - | - | - | - | - | 60,000 | - | - | 60,000 | - |
| 2017 | 55,833 | - | - | - | - | - | - | 55,833 | - | - | 55,833 | - |
| Farouk Chaouni | | | | | | | | | | | | |
| 2018 | 60,000 | - | - | - | - | - | - | 60,000 | - | - | 60,000 | - |
| 2017 | 55,833 | - | - | - | - | - | - | 55,833 | - | - | 55,833 | - |
| David Mimran | | | | | | | | | | | | |
| 2018 | 60,000 | - | - | - | - | - | - | 60,000 | - | - | 60,000 | - |
| 2017 | 60,000 | - | - | - | - | - | - | 60,000 | - | - | 60,000 | - |

DIRECTORS' REPORT (cont...)

| | SHORT-TERM | | NON-MONETARY ⁽⁶⁾ | POST EMPLOYMENT SUPERANNUATION | LONG-TERM LONG SERVICE LEAVE | TERMINATION PAYMENTS | TOTAL CASH RELATED | SHARE-BASED PAYMENTS | | TOTAL REMUNERATION | PERFORMANCE RELATED % |
|-------------------------------|------------------|---------------|-----------------------------|--------------------------------|------------------------------|----------------------|--------------------|-----------------------------------|------------------|--------------------|-----------------------|
| | SALARY & FEES | CASH BONUS | | | | | | PERFORMANCE RIGHTS ⁽⁷⁾ | SHARES | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Subtotal Directors | | | | | | | | | | | |
| 2018 | 853,353 | 93,130 | 68,684 | 6,073 | - | 1,021,240 | 40,721 | 50,625 | 1,112,586 | | |
| 2017 | 833,072 | 22,745 | 14,492 | 33,651 | - | 1,453,960 | 48,298 | 20,000 | 1,522,258 | | |
| Other executive KPM | | | | | | | | | | | |
| Rod Wheatley | | | | | | | | | | | |
| 2018 | 269,406 | - | - | 25,594 | 14,552 | 309,552 | 5,898 | - | 315,450 | 2% | |
| 2017 | 262,555 | - | - | 22,943 | 32,445 | 319,943 | 38,376 | - | 358,319 | 11% | |
| Total KMP compensation | | | | | | | | | | | |
| 2018 | 1,122,759 | 93,130 | 68,684 | 31,667 | 14,552 | 1,330,792 | 46,619 | 50,625 | 1,428,036 | | |
| 2017 | 1,095,627 | 22,745 | 14,492 | 58,594 | 32,445 | 1,773,903 | 86,674 | 20,000 | 1,880,577 | | |

(1) Mr. Brett Clark was appointed as an independent Non-executive director on 14 December 2017 and as Chairman on 21 March 2018.

(2) Mr. Louis Calvarin was appointed on 29 March 2017.

(3) Dr. Christopher Pointon resigned as chairman on 21 March 2018 and continues as an independent Non-executive Director.

(4) Mr. Cliff Lawrenson resigned on 11 January 2017.

(5) The amount represents the total remuneration paid to Mr. Ian McCubbing and includes \$13,700 (2017: \$46,700) of fees paid for advisory services provided during the year. Refer to Other Transactions and Balances with KMPs and Their Related Parties on page 32 for further details.

(6) Non-monetary benefits include housing, car and medical insurance.

(7) Share based payments in the 2018 and 2017 financial years 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 account both market and non-market based vesting conditions. The Monte-Carlo simulation methodology was used to calculate the fair value of each performance right. Refer to Note 35 for further details.

(8) Mr. Louis Calvarin was entitled to receive ordinary fully paid shares to the value of \$20,000 as a sign on bonus of shares, subject to shareholders' approval. Shareholders approved this issue of shares at its November 2017 Annual General Meeting. The shares were issued at the volume weighted average market price of the fully paid ordinary shares of the Company over the thirty trading days immediately preceding the date of the meeting to approve the issue, being \$0.053.

(9) A total of 3,750,000 Performance Rights held by Mr. Lawrenson were forfeited upon his resignation. While 1,875,000 of these Performance Rights that vested during the 2017 financial year. Mr. Lawrenson resigned prior to the conversion of these Performance Rights to shares. His entitlement to receive the shares due on vesting of Tranche 1 Performance Rights was forfeited upon his resignation, however because the Tranche 1 Performance Rights vested during the year the corresponding pro-rata expense of \$80,672 has been recorded by the Group during the year. The net amount of \$48,298 relates to the \$80,672 pro-rata expense of vested Tranche 1 Performance Rights less \$32,374 in relation to forfeited Tranche 2 and Tranche 3 Performance Rights.

DIRECTORS' REPORT (cont...)

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 2018 are set out below:

| NAME | TERMS |
|--|--|
| Louis Calvarin (Managing Director) | <p>Base salary of \$450,000, reviewed annually on 31 December (or such other time as agreed).</p> <p>3 months' notice by Mr. Calvarin. 6 months by Company and upon change of control.</p> <p>Termination payments to reflect appropriate notice, except in cases of termination for cause.</p> <p>Cash bonus for first 6 months, calculated at 50% of Mr. Calvarin's salary for the 6-month period (maximum benefit being \$112,500), subject to achieving certain Key Performance Indicators (KPI's).</p> <p>Target STI opportunity of 50% of total fixed remuneration for FY 2018</p> <p>Whilst residing in Dakar, Mr. Calvarin will be provided customary expatriate benefits which include housing, car and medical insurance.</p> <p>Reimbursement of the actual amount of Self Employment Tax payable in the United States.</p> |
| Rod Wheatley (Chief Financial Officer and Company Secretary) | <p>Base salary inclusive of superannuation of \$295,000 reviewed annually on 31 December (or such other time as agreed).</p> <p>3 months' notice by Mr. Wheatley, 6 months' notice by Company and upon change of control.</p> <p>Termination payments to reflect appropriate notice, except in cases of termination for cause.</p> |

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 2016 Annual General Meeting, where shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors to be \$600,000.

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.

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.

The table below summaries the Non-executive fees for the 2018 financial year:

| | 2018 FEES |
|-----------------------------------|------------|
| Board | |
| Chair | A\$110,000 |
| Non-executive Directors | A\$60,000 |
| Committee | |
| Audit Chair | A\$10,000 |
| Remuneration and Nomination Chair | A\$10,000 |

DIRECTORS' REPORT (cont...)

In May 2017, the Board resolved to continue to accrue but defer the payment of all Non-independent non-executive Director fees until further notice.

Termination payments

There were no termination payments paid to any Director or other KMP during the 2018 financial year.

The Board must approve 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 or from key management personnel

In 2018 there were no loans to KMP.

The Group received the following loans from KMP or their related parties during the 2018 financial year (2017: \$3,765,467):

2018

| LENDER | BALANCE AT START OF THE YEAR | LOAN PROCEEDS RECEIVED | INTEREST CHARGED | INTEREST NOT CHARGED | FORGIVEN DURING THE YEAR | FX IMPACT | REPAID DURING THE YEAR | BALANCE AT END OF THE YEAR | HIGHEST BALANCE DURING THE YEAR |
|---|------------------------------|------------------------|------------------|----------------------|--------------------------|-----------|------------------------|----------------------------|---------------------------------|
| | \$ | \$ | \$ | \$ | \$ | | | \$ | \$ |
| Agrifos Partners LLC ⁽¹⁾ | 521,830 | 2,065,394 | 40,268 | - | - | (45,817) | (2,581,675) | - | 2,581,675 |
| Tablo Corporation ⁽²⁾ | 782,873 | 3,098,090 | 66,444 | - | - | (74,894) | (3,872,513) | - | 3,872,513 |
| Mimran Natural Resources ⁽²⁾ | 2,514,445 | - | 176,660 | - | - | - | - | 2,847,084 | 2,847,084 |

(1) Agrifos Partners LLC is a company related through the common control of directors Mr. Timothy Cotton and Mr. Frank Chaoui.

(2) Tablo Corporation and Mimran Natural Resources are companies related through the common control of director Mr. David Mimran.

Key terms and conditions of the loans are as follows:

| LENDER | INTEREST RATE ⁽¹⁾ | SECURITY | REPAYMENT DATE |
|--------------------------|------------------------------|-----------|----------------|
| Agrifos Partners LLC | 6.00% | unsecured | ⁽²⁾ |
| Tablo Corporation | 6.00% | unsecured | ⁽²⁾ |
| Mimran Natural Resources | 6.75% | unsecured | no set date |

(1) Interest rates on the Group's borrowings range from 6.00 – 6.75%; as such loans received from KMP are considered to be at commercial rates.

(2) Repaid in November 2017 from proceeds on the Entitlement Offer as further described at Note 20.

Full terms and conditions of the loans can be found at Note 20.

Other transactions and balances with KMPs and their related parties

- (i) In addition to his Non-executive Director fee, Mr. McCubbing was engaged to provide the Company financial and commercial advisory services on a consulting basis during the period. Total consultancy fees of \$13,700 (2017: 46,700) were charged by Mr. McCubbing during the year. The total amount of fees is included in his Salary & Fees amount in the Details of Remuneration of KMP table on page 25. The agreement had no fixed term and no termination notice period. At 30 June 2018, advisory fees paid to Mr. McCubbing impacted the Statement of Profit and Loss and Other Comprehensive Income with \$13,700 recognised in Administrative and Other Expenses. There was no impact on the 30 June 2018 Statement of Financial Position.
- (ii) The Company owns approximately 7% of JDCPhosphates, Inc (JDPC) and has an exclusive licence to utilise the IHP technology. Avenir Non-Executive Directors Mr Chaoui and Mr Cotton are Directors of and have an equity interest in JDPC. Please refer to Note 7, Note 11, Note 12 and Note 16 for further details on transactions between the two companies during the period.

G. SHARE-BASED COMPENSATION

The Managing Director, Mr. Louis Calvarin, received 377,358 ordinary fully paid shares to the value of \$20,000 as a sign on bonus of shares, following shareholders' approval at its November 2017 Annual General Meeting.

Mr. Louis Calvarin was also granted 5,000,000 Performance Rights with the conditions that the Performance Rights expire five years after the issue date. Refer to 2.1.1 within Section C of the Remuneration Report on page 25 for further details of the terms and conditions.

The performance rights plan was approved by shareholders at the AGM meeting of the company in 2015.

DIRECTORS' REPORT (cont...)

There were no other share-based payments issued to directors or other KMP during the 2018 financial year.

Share based payments were issued in prior financial years that impact current or future reporting periods; the details of these are set out below.

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 LAPSED | NUMBER VESTED | NUMBER FORFEITED | VESTED % |
|----------------------------|------------|----------------|--------------|-------------|------------------------------|--------------------|---------------|------------------------|------------------|----------|
| 2018 | | | | | | | | | | |
| Directors | | | | | | | | | | |
| Louis Calvarin | 14-Dec-17 | 5,000,000 | 30-Jun-20 | 30-Jun-22 | \$0.049 | nil | - | - | - | - |
| Other Executive KMP | | | | | | | | | | |
| Rod Wheatley | 03-Dec-15 | 412,500 | 18-Nov-17 | 03-Dec-17 | \$0.067 | nil | - | 412,500 ⁽¹⁾ | - | 100 |

(1) 412,500 ordinary shares were issued on 2 February 2018 for nil consideration following the vesting of Tranche 3 Performance Rights on 21 September 2017.

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 35 of the financial statements.

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 FORFEITED DURING THE YEAR, \$ | VALUE OF PR INCLUDED IN REMUNERATION REPORT FOR THE YEAR, \$ ⁽²⁾ | REMUNERATION CONSISTING OF PR FOR THE YEAR, % |
|----------------------------|---|--|--|---|---|---|
| 2018 | | | | | | |
| Other Executive KMP | | | | | | |
| Louis Calvarin | 245,000 | - | - | - | 40,721 | 6% |
| Rod Wheatley | - | 27,638 | - | - | 5,898 | 2% |

(1) The total fair value of performance rights granted is estimated based on the number of rights issued multiplied by the fair value of a right at the grant date. The fair value at grant date is determined using the Monte-Carlo Simulation pricing methodology. Please refer to Note 35 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 and is factored by the probability of achievement of vesting performance conditions. As at 30 June 2018 the Board considered the percentage likelihood of achieving the performance milestones as 50%. The above amount is recognised as an expense in the statement of profit and loss for the period ended 30 June 2018. Please refer to Note 35 for further details.

DIRECTORS' REPORT (cont...)

H. EQUITY HOLDINGS

Performance Rights and Share Rights

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 | VESTED | LAPSED | FORFEITED UPON RESIGNATION | BALANCE AT END OF THE YEAR | VESTED AND EXERCISABLE | UNVESTED |
|----------------------------|------------------------------|-------------------------|--------------------------|--------|----------------------------|----------------------------|------------------------|-----------|
| 2018 | | | | | | | | |
| Directors | | | | | | | | |
| Louis Calvarin | - | 5,000,000 | - | - | - | 5,000,000 | - | 5,000,000 |
| Brett Clark | - | - | - | - | - | - | - | - |
| Ian McCubbing | - | - | - | - | - | - | - | - |
| Timothy Cotton | - | - | - | - | - | - | - | - |
| Farouk Chaouni | - | - | - | - | - | - | - | - |
| David Mimran | - | - | - | - | - | - | - | - |
| Christopher Pointon | - | - | - | - | - | - | - | - |
| Other Executive KMP | | | | | | | | |
| Rod Wheatley | 412,500 | - | (412,500) ⁽¹⁾ | - | - | - | - | - |

(1) Tranche 3 2015 Performance Rights vested on 21 September 2017 and were converted to fully paid ordinary shares for nil consideration on 2 February 2018.

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 |
|-------------------------------|------------------------------|-------------------------|------------------------------|-----------|---------|----------------------------|------------------------|----------|
| 2018 | | | | | | | | |
| Directors | | | | | | | | |
| Louis Calvarin | - | - | - | - | - | - | - | - |
| Brett Clark | - | - | - | - | - | - | - | - |
| Ian McCubbing | - | - | - | - | - | - | - | - |
| Timothy Cotton ⁽¹⁾ | 80,000,000 | - | (24,000,000) ⁽ⁱⁱ⁾ | - | - | 56,000,000 | 56,000,000 | - |
| Farouk Chaouni ⁽¹⁾ | 80,000,000 | - | (24,000,000) ⁽ⁱⁱ⁾ | - | - | 56,000,000 | 56,000,000 | - |
| David Mimran | - | - | - | - | - | - | - | - |
| Christopher Pointon | - | - | - | - | - | - | - | - |
| Other Executive KMP | | | | | | | | |
| Rod Wheatley | - | - | - | - | - | - | - | - |

(1) Mr. Timothy Cotton and Mr. Farouk Chaouni collectively hold their options through their related party, Baobab Partners LLC.

(2) Number reduced following an ownership restructure of Baobab Partners LLC

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

DIRECTORS' REPORT (cont...)

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 as follows:

| | BALANCE AT START OF THE YEAR | RECEIVED DURING THE YEAR FOR RIGHTS CONVERTED | GRANTED AS REMUNERATION | OTHER CHANGES DURING THE YEAR | BALANCE AT END OF THE YEAR |
|----------------------------|------------------------------|---|-------------------------|-------------------------------|----------------------------|
| 2018 | | | | | |
| Directors | | | | | |
| Louis Calvarin | - | - | 377,358 | - | 377,358 |
| Brett Clark | - | - | - | - | - |
| Ian McCubbing | 400,000 | - | - | 180,000 | 580,000 |
| Timothy Cotton | 194,000,000 | - | - | 13,194,808 | 207,194,808 ⁽²⁾ |
| Farouk Chaouni | 194,000,000 | - | - | 13,194,808 | 207,194,808 ⁽²⁾ |
| David Mimran | 104,750,000 | - | - | 87,500,000 | 192,250,000 ⁽³⁾ |
| Christopher Pinton | - | - | - | - | - |
| Other Executive KMP | | | | | |
| Rod Wheatley | 825,000 | 412,500 ⁽¹⁾ | - | - | 1,237,500 |

- (1) Mr. Rod Wheatley was issued 412,500 ordinary shares for nil consideration on the vesting of Tranche 3 2015 Performance Rights.
 (2) Mr. Timothy Cotton and Mr. Farouk Chaouni collectively holds shares through their related parties, Baobab Partners LLC and Vulcan Phosphates LLC.
 (3) Mr. David Mimran holds shares through his related party, Tablo Corporation, which is an affiliate of the Mimran Group.

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.



LOUIS CALVARIN
 Managing Director Perth,
 28 September 2018

Auditor's independence declaration to the directors of Avenira Limited

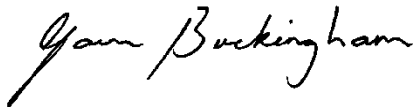
As lead auditor for the audit of Avenira Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- 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 year.



Ernst & Young



Gavin Buckingham
Partner
28 September 2018

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 Company also utilises external consultants for these purposes.

The Geological Manager is responsible for managing all Avenira's drilling programs, including resource definition drilling. The estimation of Mineral 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 regarding 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 2016: | Baobab Phosphate Project update |
| 7 December 2015: | Maiden Indicated Mineral Resource at Baobab Phosphate Project |
| 7 January 2016: | Technical Report Mineral Resource Estimated for the Gadde Bissik Phosphate Deposit, Republic of Senegal |
| 28 October 2016: | September 2016 Quarterly activities report |
| 23 February 2017: | Baobab exploration results update |
| 2 March 2017: | Significant Increase to Indicated Mineral Resource at Baobab Phosphate Project |
| 11 September 2017 | Baobab Exploration Results Update |
| 12 October 2017 | Mineral Resource increase at Baobab Phosphate Project |
| 5 February 2018: | Mineral Resource increase at Baobab Phosphate Project |

WONARAH PROJECT

| | |
|----------------|---|
| 15 March 2013: | Technical Report Mineral Resource Estimation for the Wonarah Phosphate Project, Northern Territory, Australia |
| 30 April 2014: | Quarterly activities report |

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

All statements, trend analysis and other information contained in this document relative to markets for Avenira'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 2018

| | NOTES | CONSOLIDATED | |
|--|-------|--------------------|--------------|
| | | 2018 \$ | 2017 \$ |
| REVENUE | 5 | 83,859 | 393,303 |
| EXPENDITURE | | | |
| Depreciation and amortisation expense | | (364,632) | (263,189) |
| Salaries and employee benefits expense | | (1,874,371) | (2,504,417) |
| Exploration expenditure | | (114,515) | (323,391) |
| Net foreign currency loss | 6 | (148,478) | (255,529) |
| (Impairment) / impairment reversal of Doubtful debts | 25(b) | 3,295,751 | (6,610,202) |
| Impairment of exploration and evaluation expenditure | 14 | (109,630) | (9,431,555) |
| Impairment of mine development expenditure | 15 | (5,863,171) | (1,233,059) |
| Impairment of intangible assets | 16 | - | (641,826) |
| Impairment of goodwill | 17 | - | (4,721,345) |
| Net loss on disposal of fixed assets | | - | (23,556) |
| Interest expense | | - | (189,288) |
| Share based payment expense | 35 | (60,918) | (244,075) |
| Administrative and other expenses | | (2,485,665) | (4,530,934) |
| LOSS BEFORE INCOME TAX | | (7,641,770) | (30,579,063) |
| INCOME TAX BENEFIT | 7 | 1,465,793 | 308,265 |
| LOSS FOR THE YEAR | | (6,175,977) | (30,270,798) |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Items that may be reclassified subsequently to Profit or Loss</i> | | | |
| <i>Exchange differences on translation of foreign operations</i> | | | |
| Reclassification of foreign operations on disposal | | - | - |
| Exchange differences arising during the year | | 2,626,616 | (8,454) |
| | | 2,626,616 | (8,454) |
| <i>Available-for-Sale financial assets</i> | | | |
| Net fair value gain on available-for-sale financial assets | | - | 15,610 |
| Other comprehensive income for the year, net of tax | | 2,626,616 | 7,156 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (3,549,361) | (30,263,642) |
| Loss for the year is attributable to: | | | |
| Owners of Avenirira Limited | 24(b) | (5,335,683) | (27,467,045) |
| Non-controlling interest | | (840,294) | (2,803,753) |
| | | (6,175,977) | (30,270,798) |
| Total comprehensive loss for the year is attributable to: | | | |
| Owners of Avenirira Limited | | (3,198,895) | (27,472,923) |
| Non-controlling interest | | (350,466) | (2,790,719) |
| | | (3,549,361) | (30,263,642) |
| LOSS PER SHARE | | | |
| <i>From continuing operations</i> | | | |
| Basic loss per share (cents) | 34 | (0.69) | (5.09) |
| Diluted loss per share (cents) | 34 | (0.69) | (5.09) |

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| AS AT 30 JUNE 2018 | NOTES | CONSOLIDATED | |
|---|-------|-------------------|-------------------|
| | | 2018 \$ | 2017 \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 3,679,173 | 2,946,100 |
| Trade and other receivables | 9 | 969,294 | 1,205,601 |
| Inventories | 10 | 2,286,116 | 3,456,258 |
| TOTAL CURRENT ASSETS | | 6,934,583 | 7,607,959 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 9 | 1,481,600 | 1,481,600 |
| Available-for-sale financial assets | 11 | 31,239 | 31,239 |
| Plant and equipment | 13 | 1,334,802 | 1,339,077 |
| Capitalised exploration and evaluation expenditure | 14 | 10,018,672 | 8,722,989 |
| Capitalised mine development expenditure | 15 | 51,407,026 | 47,579,578 |
| Intangibles | 16 | 141,682 | 84,152 |
| Goodwill | 17 | - | - |
| Other Assets | 18 | 683,958 | - |
| TOTAL NON-CURRENT ASSETS | | 65,098,979 | 59,238,635 |
| TOTAL ASSETS | | 72,033,562 | 66,846,594 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | 1,959,721 | 4,726,426 |
| Provisions | 20 | 210,958 | 186,404 |
| Loans and borrowings | 21 | 804,442 | 1,987,997 |
| TOTAL CURRENT LIABILITIES | | 2,975,121 | 6,900,827 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 20 | 2,483,047 | 2,430,202 |
| Loans and borrowings | 21 | 7,215,150 | 6,516,600 |
| Deferred tax liabilities | 22 | 3,221,045 | 4,413,080 |
| TOTAL NON-CURRENT LIABILITIES | | 12,919,242 | 13,359,882 |
| TOTAL LIABILITIES | | 15,894,363 | 20,260,709 |
| NET ASSETS | | 56,139,199 | 46,585,885 |
| EQUITY | | | |
| Issued capital | 23 | 139,480,390 | 125,037,889 |
| Reserves | 24(a) | 26,234,899 | 25,147,663 |
| Accumulated losses | 24(b) | (113,992,689) | (108,657,005) |
| Capital and reserves attributable to members of Avenira Limited | | 51,722,600 | 41,528,547 |
| Non-controlling interest | 31 | 4,416,599 | 5,057,338 |
| TOTAL EQUITY | | 56,139,199 | 46,585,885 |

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

| CONSOLIDATED | NOTES | ATTRIBUTABLE TO OWNERS OF AVENIRA LIMITED | | | | | TOTAL | NON-CONTROLLING INTEREST | TOTAL |
|---|-------|---|-------------|--------------------|--------------|-------------|--------------|--------------------------|-------|
| | | ISSUED CAPITAL | RESERVES | ACCUMULATED LOSSES | TOTAL | | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| BALANCE AT 30 JUNE 2016 | | 119,817,389 | 26,036,371 | (81,189,960) | 64,663,800 | 7,557,783 | 72,221,583 | | |
| Loss for the year | | - | - | (27,467,045) | (27,467,045) | (2,803,753) | (30,270,798) | | |
| Other comprehensive income/(loss) for the year | | - | (5,878) | - | (5,878) | 13,034 | 7,156 | | |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | (5,878) | (27,467,045) | (27,472,923) | (2,790,719) | (30,263,642) | | |
| <i>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</i> | | | | | | | | | |
| Shares issued during the year | | 1,061,450 | - | - | 1,061,450 | - | 1,061,450 | | |
| Share issue transaction costs | | - | - | - | - | - | - | | |
| Conversion of contingent share rights | | 2,268,000 | (2,268,000) | - | - | - | - | | |
| Unissued shares | | 1,891,050 | - | - | 1,891,050 | - | 1,891,050 | | |
| Share based payment | | - | 1,385,170 | - | 1,385,170 | 290,274 | 1,675,444 | | |
| BALANCE AT 30 JUNE 2017 | | 125,037,889 | 25,147,663 | (108,657,005) | 41,528,547 | 5,057,338 | 46,585,885 | | |
| Loss for the year | | - | - | (5,335,683) | (5,335,683) | (840,294) | (6,175,977) | | |
| Other comprehensive income/(loss) for the year | | - | 2,136,787 | - | 2,136,787 | 489,828 | 2,626,615 | | |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | 2,136,787 | (5,335,683) | (3,198,896) | (350,466) | (3,549,362) | | |
| <i>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</i> | | | | | | | | | |
| Shares issued during the year | | 16,911,051 | - | - | 16,911,051 | - | 16,911,051 | | |
| Share issue transaction costs | | (577,500) | - | - | (577,500) | - | (577,500) | | |
| Unissued shares | 23 | (1,891,050) | - | - | (1,891,050) | - | (1,891,050) | | |
| Share based payment | 35 | - | (1,049,551) | - | (1,049,551) | (290,273) | (1,339,825) | | |
| BALANCE AT 30 JUNE 2018 | | 139,480,390 | 26,234,899 | (113,992,689) | 51,722,600 | 4,416,599 | 56,139,199 | | |

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 2018

| | NOTES | CONSOLIDATED | |
|---|-------|--------------------|---------------------|
| | | 2018 \$ | 2017 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (4,054,365) | (6,934,244) |
| Payments for exploration expenditure | | (114,515) | (323,391) |
| Receipts for other income | | - | 17,490 |
| Interest received | | 77,522 | 208,736 |
| NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES | 33 | (4,091,358) | (7,031,409) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Research and development tax receipt | | - | 234,567 |
| Expenditure on mining interests | | (1,235,014) | (2,970,612) |
| Payments for mine development | | (12,143,633) | (22,350,486) |
| Receipts for phosphate sales capitalised to development | | 2,463,737 | 2,540,694 |
| Payments for plant and equipment | | (249,353) | (674,426) |
| Proceeds on sale of plant and equipment | | - | 1,744 |
| Net refund from VAT | | 3,108,098 | - |
| Refund of security deposits | | - | 30,000 |
| Payments for intangibles | | (80,425) | (551,891) |
| Loans to other entities | 9 | (38,453) | (2,146,900) |
| NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES | | (8,175,043) | (25,887,310) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 15,000,000 | 2,952,500 |
| Transaction costs on issue of shares | | (577,500) | - |
| Proceeds from loans and borrowings | | 5,163,484 | 8,315,310 |
| Repayments of loans | | (6,454,188) | - |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 13,131,796 | 11,267,810 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | 865,395 | (21,650,909) |
| Cash and cash equivalents at the beginning of the financial year | | 2,946,100 | 24,473,574 |
| Effects of exchange rate changes on cash and cash equivalents | | (132,322) | 123,435 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 8 | 3,679,173 | 2,946,100 |

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 2018

1. BASIS OF PREPARATION

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, whose shares are publicly traded on the Australian Securities Exchange. The Company’s registered office and principal place of business is Suite 19, 100 Hay Street, Subiaco WA 6008. The financial statements were authorised for issue in accordance with a resolution of the directors on 27 September 2018. The directors have the power to amend and reissue the financial statements.

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*. The accounting policies outlined throughout the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Compliance with IFRS

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Group’s reporting currency and the functional currency of the parent company and its Australian subsidiaries. The functional currencies of the material subsidiaries are United States dollars and Central African francs (XOF).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

1. BASIS OF PREPARATION (cont...)

Going concern

At 30 June 2018, the Group had cash on hand of A\$3,679,173 (30 June 2017: A\$2,946,100). The Group made an operating loss before tax of \$7,641,770 for the year ended 30 June 2018 (30 June 2017: loss of \$30,579,063) and had a cash outflow from operating and investing activities of \$12,266,401 (30 June 2017: \$32,918,719).

In addition the Group's cashflow forecast for the period ending 30 September 2019 which has been prepared based on cost estimates currently available to the Group and is sensitive to the assumed cash flows from the Group's Baobab Phosphate Project in Senegal, reflects that the group will be required to raise additional working capital, in addition to the funds raised subsequent to year end, during the 12 month period.

The Group has established a strategic plan for its Baobab Phosphate Project, focussed on a major expansion and upgrade of the existing Baobab Project's operations at the Gadde Bissik mine. Upcoming activities includes feasibility studies, approvals and financing. Furthermore, operational activities onsite have been cut back with cash flow forecasts relating to the production and sale of phosphate product reduced.

The ability of the Group to be able to continue as a going concern is thus dependent upon the Group being able to secure additional working capital as and when required, until the Baobab project materially achieves its operational and financial projections.

The Directors are satisfied that additional working capital can be secured as required and that it is appropriate to prepare the financial statements on a going concern basis based on the following:

- The strong support of existing and new shareholders and the continued strong support from the major shareholders including:
 - i. Subsequent to year end the Group successfully raised A\$2.8 million via a Placement, including A\$2 million to its major shareholders, which is expected to be received in October 2018, and A\$0.8 million to new shareholders
 - ii. In November and December 2017, the Group successfully raised A\$15 million via a A\$13 million Entitlement Offer to existing shareholders and a A\$2 million Placement to new shareholders
 - iii. In June 2017 the Group raised A\$2.5 million via a Share Purchase Plan ("SPP") to existing shareholders
 - iv. Continued strong support of its two major shareholders, Agrifos Partners LLC (22% equity ownership), and Tablo Corporation (20% equity ownership), an affiliate of Groupe Mimran via the provision of bridge loans and through the participation in the Entitlement Offer
 - v. Significant participation in the SPP and as an underwriter in the Entitlement Offer has resulted in Agrifields DMCC becoming a major shareholder
- The Group is seeking additional financing in the next 6 to 12 months via a combination of debt and equity, supported by off-take agreements, to finance and implement the expansion and upgrade project. Private equity, off-takers and other strategic investors (including the Company's existing shareholders) will be targeted to cornerstone the equity component. For the debt, the Company has received preliminary interest from local and international banks and development finance institutions.
- The Group has a historical track record of being able to secure additional working capital as and when required.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. In the event the Group is unable to raise additional working capital, when required, there is 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.

Critical accounting estimates

The preparation of financial statements requires a management to use estimates, judgments and assumptions. Application of different assumptions and estimates may have a significant impact on Avenira's net assets and financial results. Estimates and assumptions are reviewed on an ongoing basis and are based on the latest available information at each reporting date. Actual results may differ from the estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

1. BASIS OF PREPARATION (cont...)

The areas involving a higher degree of judgement and complexity, or areas where assumptions are significant to the financial statements are:

| | |
|--|---------|
| Note 9 Trade and Other Receivables | Page 53 |
| Note 10 Inventories | Page 54 |
| Note 14 Capitalised exploration and evaluation expenditure | Page 56 |
| Note 15 Capitalised mine development expenditure | Page 58 |
| Note 20 Provision for mine rehabilitation and restoration | Page 63 |
| Note 35 Share based payments | Page 91 |

Comparative Figures

When required by the 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.

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.

2. PRINCIPLES OF CONSOLIDATION

(a) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avenira Limited ("Company" or "Parent Entity") as at 30 June 2018 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. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

2. PRINCIPLES OF CONSOLIDATION (cont...)

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.

(b) 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

(i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(b) Foreign exchange 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.

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.

(c) 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 2017 including:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations;
- AASB 2014-4 Clarification on acceptable methods of depreciation and amortisation (amendments to AASB 116 and AASB 138);
- AASB 2015-1 Annual Improvements to IFRSs 2012 – 2014 Cycle (clarification amendments to AASB 5, AASB 7, AASB 119, and AASB 134); and
- AASB 2015-2 (amendments to AASB 101).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

(d) 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 2018 are outlined in the table below. The potential effect of these Standards is yet to be fully determined.

| TITLE | SUMMARY | APPLICATION DATE OF STANDARD | EXPECTED APPLICATION DATE FOR GROUP |
|---|---|------------------------------|-------------------------------------|
| AASB 9 <i>Financial Instruments</i> | <p>AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.</p> <p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.</p> <p>Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p> <p>Existing financial assets and liabilities of the Group were assessed in terms of the measurements of AASB 9, and the Group has determined that the adoption of AASB 9 will not materially impact the measurement and classification its assets and liabilities and will not result in any re-measurement adjustments at 1 July 2018.</p> | 1 Jan 2018 | 1 Jul 2018 |
| AASB 15 <i>Revenue from Contracts with Customers</i> | <p>AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers. Under AASB 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under AASB 15 the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of control of ownership.</p> <p>The Group will apply this standard when the recognition of revenue from core operations becomes applicable. The adoption of AASB 15 is not expected to have a material impact on the measurement of revenue at 1 July 2018.</p> | 1 Jan 2018 | 1 Jul 2018 |
| AASB 16 <i>Leases</i> | <p>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.</p> <p>The adoption of AASB 15 is not expected to have a material impact on the financial statements.</p> | 1 Jan 2019 | 1 Jul 2019 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

4. SEGMENT INFORMATION

Accounting Policy

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.

(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 in the Northern Territory (Wonarah) located in Australia;
- exploration and development of the Baobab Phosphate Project in the Republic of Senegal (Baobab) located in Africa; and
- unallocated items comprise corporate administrative costs, interest revenue, finance costs, investments, corporate plant and equipment and income tax assets and liabilities.

(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 |
|---|------------------------|---------------------|---------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| 2018 | | | | |
| Revenue | | | | |
| Interest revenue | 36,455 | - | 47,404 | 83,859 |
| Total segment revenue | 36,455 | - | 47,404 | 83,859 |
| Total revenue as per statement of comprehensive income | | | | 83,859 |
| Impairment of non-current assets | 109,630 | 5,863,171 | - | 5,972,801 |
| Impairment / (impairment reversal) of Doubtful debts | 36,725 | (3,332,476) | - | (3,295,751) |
| Depreciation and amortisation | 3,815 | 343,570 | 17,247 | 364,632 |
| Segment net loss | (152,023) | (5,175,522) | (848,432) | (6,175,977) |
| Total net loss as per statement of comprehensive income | | | | (6,175,977) |
| Segment assets | | | | |
| Capitalised exploration and evaluation expenditure | 5,978,000 | 3,948,472 | 92,200 | 10,018,672 |
| Capitalised mine development expenditure | - | 51,407,026 | - | 51,407,026 |
| Plant and equipment | 3,058 | 1,322,407 | 9,337 | 1,334,802 |
| Other assets at balance date | 1,510,708 | 4,020,378 | 3,741,976 | 9,273,062 |
| Total segment assets | 7,491,766 | 60,698,283 | 3,843,513 | 72,033,562 |
| Segment liabilities | | | | |
| Deferred tax liability | - | 3,221,045 | - | 3,221,045 |
| Other liabilities at balance date | 1,289,864 | 10,495,092 | 888,362 | 12,673,318 |
| Total segment liabilities | 1,289,864 | 13,716,137 | 888,362 | 15,894,363 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

4. SEGMENT INFORMATION (cont...)

| | WONARAH (AUSTRALIA) | BAOBAB (SENEGAL) | UNALLOCATED – OTHER SEGMENTS | TOTAL CONSOLIDATED |
|---|------------------------|---------------------|---------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| 2017 | | | | |
| Revenue | | | | |
| Interest revenue | 39,861 | 15,222 | 320,729 | 375,812 |
| Other revenue | - | 6,441 | 11,049 | 17,491 |
| Total segment revenue | 39,861 | 21,664 | 331,778 | 393,303 |
| Total revenue as per statement of comprehensive income | | | | 393,303 |
| Impairment of non-current assets | 10,073,381 | 5,954,404 | - | 16,027,785 |
| Impairment / (impairment reversal) of doubtful debts | 2,357,854 | 4,252,348 | - | 6,610,202 |
| Depreciation and amortisation | 3,737 | 249,706 | 9,746 | 263,189 |
| Net loss on disposal of fixed assets | - | 23,361 | 195 | 23,556 |
| Segment net loss | (12,438,304) | (14,018,772) | (3,813,723) | (30,270,798) |
| Total net loss as per statement of comprehensive income | | | | (30,270,798) |
| Segment assets | | | | |
| Capitalised exploration and evaluation expenditure | 5,978,000 | 2,744,989 | - | 8,722,989 |
| Capitalised mine development expenditure | - | 47,579,578 | - | 47,579,578 |
| Plant and equipment | 6,872 | 1,322,607 | 9,598 | 1,339,077 |
| Other assets at balance date | 1,508,975 | 4,678,398 | 3,017,577 | 9,204,950 |
| Total segment assets | 7,493,847 | 56,325,573 | 3,027,175 | 66,846,594 |
| Segment liabilities | | | | |
| Deferred tax liability | - | 4,413,080 | - | 4,413,080 |
| Other liabilities at balance date | 1,289,847 | 12,284,949 | 2,272,833 | 15,847,629 |
| Total segment liabilities | 1,289,847 | 16,698,029 | 2,272,833 | 20,260,709 |

5. REVENUE

Accounting policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

5. REVENUE (cont...)

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.

Proceeds from sales made prior to the commencement of commercial production are capitalised against the relevant mine development asset, to the extent that such sales are considered an integral part of the testing and commissioning phase of the mine. Refer to Note 15.

| | 2018 | 2017 |
|--------------------------------------|---------------|---------|
| | \$ | \$ |
| Other revenue | | |
| Interest from financial institutions | 83,859 | 218,481 |
| Interest other | - | 157,331 |
| Other sundry revenue | - | 17,491 |
| | 83,859 | 393,303 |

6. EXPENSES

| | 2018 | 2017 |
|--|----------------|---------|
| | \$ | \$ |
| Loss before income tax includes the following specific expenses | | |
| Defined contribution superannuation expense | 49,951 | 114,453 |
| Minimum lease payments relating to operating leases | 106,694 | 132,464 |
| Net loss on disposal of property, plant and equipment | - | 23,556 |
| Foreign exchange losses (net) | 148,478 | 255,529 |

7. INCOME TAX

Accounting Policies

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

7. INCOME TAX (cont...)

| | 2018 \$ | 2017 \$ |
|---|--------------------|--------------------|
| (a) Income tax expense/(benefit) | | |
| Current tax | - | - |
| Deferred tax | (1,465,793) | (308,265) |
| | (1,465,793) | (308,265) |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss from continuing operations before income tax expense | (7,641,770) | (30,579,063) |
| Prima facie tax benefit at the Australian tax rate of 30% (2017: 30%) | (2,292,531) | (9,173,719) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Share based payments | 18,275 | 73,222 |
| Other | 204 | 292,834 |
| Movements in unrecognised temporary differences | (290,573) | 2,708,431 |
| Tax effect of current year tax losses for which no deferred tax asset has been recognised | 1,098,832 | 5,790,967 |
| Income tax (benefit) | (1,465,793) | (308,265) |
| Attributed to: | | |
| Continuing operations | (1,465,793) | (308,265) |
| Discontinuing operations | - | - |
| | (1,465,793) | (308,265) |
| (c) Tax affect relating to each component of other comprehensive income | | |
| Available-for-sale financial assets | - | - |
| | - | - |
| (d) Deferred tax assets | | |
| Capital raising costs | 157,180 | 80,792 |
| Rehabilitation provision | 386,850 | 388,266 |
| Other provisions and accruals | 68,129 | 82,820 |
| Available-for-sale financial assets | 878,080 | 878,080 |
| Tax losses in Australia | 30,353,826 | 29,461,092 |
| | 31,844,065 | 30,891,050 |
| Deferred tax assets not recognised | (29,715,818) | (28,994,007) |
| | 2,128,247 | 1,897,043 |
| Offset against deferred tax liabilities | (2,128,247) | (1,897,043) |
| Net deferred tax assets | - | - |
| (e) Deferred tax liabilities | | |
| Capitalised exploration and evaluation costs and development costs | (5,042,105) | (6,206,480) |
| Unrealised foreign exchange gain | (303,827) | (103,643) |
| Other accruals | (3,360) | - |
| | (5,349,292) | (6,310,123) |
| Offset against deferred tax assets | 2,128,247 | 1,897,043 |
| Net deferred tax liabilities | (3,221,045) | (4,413,080) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

7. INCOME TAX (cont...)

DEFERRED TAX

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2018 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

Avenir 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. Avenir 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. CASH AND CASH EQUIVALENTS

Accounting Policies

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.

| | 2018 | 2017 |
|---|------------------|-----------|
| | \$ | \$ |
| Cash at bank and in hand | 1,179,173 | 2,946,100 |
| Short-term deposits | 2,500,000 | - |
| Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows | 3,679,173 | 2,946,100 |

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 25 for additional details on the impact of interest rates on cash and cash equivalents for the period.

9. TRADE AND OTHER RECEIVABLES

Accounting Policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

9. TRADE AND OTHER RECEIVABLES (cont...)

| Current | 2018 | 2017 |
|---|----------------|------------------|
| | \$ | \$ |
| Trade and other receivables ⁽ⁱ⁾ | 45,605 | 1,016,743 |
| Government taxes receivable ⁽ⁱⁱ⁾ | 922,509 | 4,282,642 |
| Provision for impairment ⁽ⁱⁱ⁾ | (292,687) | (4,252,348) |
| Prepayments | 126,414 | 80,648 |
| Sundry receivables | 99,811 | 13,650 |
| Security deposits | 67,642 | 64,266 |
| | 969,294 | 1,205,601 |

(i) Trade and other receivables are generally due for settlement within 30 days and therefore classified as current.

(ii) Government taxes receivable relates to VAT receivable in Senegal of \$904,503 and GST receivable in Australia of \$18,006 (30 June 2017: VAT receivable in Senegal of \$4,252,348 and GST receivable in Australia of \$30,294). Due to the finalisation of the VAT refund claim in Senegal that resulted in receipt of \$3,629,684 the Group reversed the previously impaired VAT receivable balance. Furthermore, at 30 June 2018, based on historical VAT recovery outcomes the Group has determined that 30% of the outstanding VAT receivable still subject to approval in Senegal should be provided for resulting in an impairment of \$292,687.

The carrying amounts disclosed above represent their fair value.

| Non-Current | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Convertible promissory notes ⁽ⁱ⁾ | - | 86,270 |
| Provision for impairment ⁽ⁱⁱ⁾ | - | (86,270) |
| Convertible promissory notes ⁽ⁱⁱⁱ⁾ | 2,312,716 | 2,227,707 |
| Provision for impairment ⁽ⁱⁱ⁾ | (2,312,716) | (2,227,707) |
| Convertible promissory notes ^(iv) | 38,455 | - |
| Provision for impairment ⁽ⁱⁱ⁾ | (38,455) | - |
| Security deposits | 1,481,600 | 1,481,600 |
| | 1,481,600 | 1,481,600 |

(i) In February 2015, the Group (the "holder") entered into convertible secured promissory notes with JDCP, (the "recipient"). The notes accrued interest at 8% per annum compounded monthly and payable on maturity. In February 2017 the notes were converted into Series A Preferred Shares in JDCP.

(ii) Refer Note 25 for further details on impairment.

(iii) In July 2016, the Group (the "holder") entered into convertible secured promissory notes with JDCP, (the "recipient"). The notes accrue interest at 12% per annum compounded annually and payable on maturity. The notes mature on the earlier of (a) any liquidation, dissolution or winding up of the Company; or (b) either (i) 15 February 2020 or (ii) JDCP's receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC.

(iv) In June 2018, the Group (the "holder") entered into convertible secured promissory notes with JDCP, (the "recipient"). The notes accrued interest at 12% per annum compounded monthly and payable on maturity. The notes mature on the earlier of (a) any liquidation, dissolution or winding up of the Company; or (b) either (i) 15 February 2020 or (ii) JDCP's receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC.

10. INVENTORIES

Accounting Policies

Inventories are physically surveyed or estimated and valued at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the mining process as well as suitable portions of related production overheads, including depreciation and amortisation. Costs are assigned using the weighted average cost method. Net realisable value is the estimated future selling price of the product the Group expects to realise when the product is sold in the ordinary course of business less estimated costs to complete production and bring the product to sale including any applicable selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

10. INVENTORIES (cont...)

| Current | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Inventories valued at net realisable value ⁽ⁱ⁾ | 2,214,758 | 3,456,258 |
| Inventories valued at Cost ⁽ⁱⁱ⁾ | 71,358 | - |
| | 2,286,116 | 3,456,258 |

(i) At 30 June 2018 Ore inventory cost was \$6,122,454 while inventory net realisable value was \$2,214,758. The difference of \$3,907,696 has been transferred to capitalised mine development expenditure pending the commencement of commercial production.

(ii) At 30 June 2018 Fuel and Spare parts inventory cost was valued at cost.

Key estimates and assumptions

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the Group expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Accounting Policies

Refer to Note 25.

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| Available-for-sale financial assets include the following classes of financial assets: | | |
| Listed investments, at fair value - Australian listed equity securities ⁽ⁱ⁾ | 31,239 | 31,239 |
| Unlisted investments at fair value - international equity securities ⁽ⁱⁱ⁾ | - | - |
| | 31,239 | 31,239 |

(i) These equity securities represent 15,619,524 ordinary fully paid shares of Niuminco Group Limited valued at 0.20 (2017: 0.20) cents per share.

(ii) These equity securities are comprised of available-for-sale investments in JDCP that were impaired during the 2015 financial year. Their fair value was assessed as nil at 30 June 2018 (30 June 2017: nil). Refer to Note 25 for further details.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policies

Refer to Note 25.

| | 2018 | 2017 |
|--|----------|----------|
| | \$ | \$ |
| Unlisted warrants at fair value through profit or loss ^{(i) (ii) (iii)} | - | - |
| | - | - |

(i) The Group held unlisted warrants in JDCP. The warrants had an exercise price of USD0.01 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 remained zero. The warrants were cancelled in July 2016.

(ii) In February 2017 the Group was issued unlisted warrants in JDCP. The warrants have an exercise price of USD0.01 and expire on 7 March 2020. The fair value of the warrants is considered to equate to the fair value of the underlying ordinary shares. As at 30 June 2018 the fair value of the underlying shares was zero, therefore the carrying amount of the warrants was zero.

(iii) In May 2018 and June 2018, the Group was issued unlisted warrants in JDCP. The warrants have an exercise price of USD7.34 and expire in May 2023 and June 2023. The fair value of the warrants is considered to equate to the fair value of the underlying ordinary shares. As at 30 June 2018 the fair value of the underlying shares was zero, therefore the carrying amount of the warrants was zero.

These derivative financial instruments are classified as level 3 hierarchy. Refer to Note 25 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

13. PLANT AND EQUIPMENT

Accounting Policies

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 Profit and Loss and Other 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss and Other 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.

| | 2018 \$ | 2017 \$ |
|--------------------------|------------------|------------|
| Cost | 2,162,344 | 1,805,663 |
| Accumulated depreciation | (827,542) | (466,586) |
| Net carrying amount | 1,334,802 | 1,339,077 |

Movements in carrying amounts

| | | |
|--|------------------|-----------|
| Opening net carrying amount | 1,339,077 | 800,789 |
| Additions | 249,353 | 825,952 |
| Additions through business combination | - | - |
| Disposals | - | (25,300) |
| Depreciation charge | (327,447) | (256,458) |
| Foreign currency exchange differences | 73,819 | (5,906) |
| Closing net carrying amount | 1,334,802 | 1,339,077 |

14. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policies – Capitalised Exploration and Evaluation Expenditure

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

14. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE (cont...)

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.

Accounting Policies – 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. The research and development grant received by the Group relates to capitalised exploration expenditure, as such it is recognised in the statement of financial position offset against capitalised exploration expenditure.

| | 2018 \$ | 2017 \$ |
|---|-------------------|-------------|
| <i>Reconciliation of movements of exploration and evaluation costs in respect of mining areas of interest</i> | | |
| Opening net carrying amount | 8,722,989 | 15,418,499 |
| Capitalised exploration and evaluation costs ⁽ⁱ⁾ | 1,235,032 | 2,970,612 |
| Impairment of exploration and evaluation expenditure ⁽ⁱⁱ⁾ | (109,630) | (9,431,555) |
| Research and development tax refund ⁽ⁱⁱⁱ⁾ | - | (234,567) |
| Foreign currency translation movement | 170,281 | - |
| Closing net carrying amount ^(iv) | 10,018,672 | 8,722,989 |

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.

- (i) Capitalised exploration and evaluation expenditure includes costs incurred in relation to both Wonarah and Baobab Phosphate Projects.
- (ii) Impairment recognised in respect of the Wonarah Project. Refer to the key estimates and assumptions section below for details regarding the Group's assessment of the carrying value of capitalised exploration and evaluation expenditure.
- (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) The closing balance comprises the net carrying amount of exploration and evaluation expenditure attributable to both the Wonarah and Baobab Phosphate Projects being \$5,978,000 (30 June 2017: \$5,978,000) and \$4,040,672 (30 June 2017: \$2,744,989) respectively.

Key estimates and assumptions

The application of the Group's accounting policy 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.

A valuation review conducted by Optiro in December 2016 revealed that the fair market value of the Wonarah Project had decreased from the valuation prepared at June 2016. Optiro's valuation lies within a range of \$6,100,000 and \$10,700,000, based on a range of resource multiples derived from recent transactions and enterprise values of market

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

14. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE (cont...)

participants with defined phosphate mineral resources (level 3 in the fair value hierarchy). Subsequent reviews conducted by Optiro in June 2017, December 2017 and June 2018 revealed the fair market value of the Wonarah Project had not changed from the December 2016 valuation.

Considering that no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial years since December 2016 and that there has been a delay in the commercialisation of the IHP technology, the directors consider that the low end of the independent expert's range is most representative of the fair value less costs of disposal of the Wonarah Project, consistent with the position taken by the Group at 30 June 2017. As a result, during the reporting period an amount of \$109,630 (30 June 2017: \$9,431,555) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount is calculated as \$5,978,000, after allowing for estimated costs of disposal.

Impairment of Baobab Phosphate Project capitalised exploration expenditure has been assessed as part of the impairment assessment of the Baobab CGU, refer to Note 15 for further details. There was no impairment of Baobab Phosphate Project capitalised exploration expenditure at 30 June 2017 or 30 June 2018. Any impairment recognised that related to the Baobab Phosphate Project CGU was allocated to mine development. Refer to Note 15 for further details.

15. CAPITALISED MINE DEVELOPMENT EXPENDITURE

Accounting Policies

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.

Pre-strip costs are included in capitalised mine development expenditure with no amortisation recorded until production levels are achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

15. CAPITALISED MINE DEVELOPMENT EXPENDITURE (cont...)

| | 2018 | 2017 |
|--|--------------------|-------------|
| | \$ | \$ |
| <i>Reconciliation of movements during the year</i> | | |
| Opening net carrying amount | 47,579,578 | 35,526,331 |
| Capitalised mine development | 6,310,401 | 15,951,730 |
| Capitalised interest | 618,736 | - |
| Capitalised provision for rehabilitation | (22,755) | (1,563,914) |
| Impairment of mine development expenditure | (5,863,171) | (1,233,059) |
| Foreign currency translation movement | 2,784,237 | (1,101,510) |
| Closing net carrying amount | 51,407,026 | 47,579,578 |

Key estimates and assumptions

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 commercial 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.

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 the cash generating unit ("CGU") to which the development activity relates.

In considering the asset for impairment, the Group needs to determine the recoverable amount of each cash generating unit. Prior to any impairment losses, the Baobab CGU for impairment testing purposes, totals \$58,812,506 at 30 June 2018 (30 June 2017: \$52,896,404).

The Group conducted an impairment test in relation to the Baobab CGU at 30 June 2017 on the basis of fair value less costs of disposal (level 3 in the fair value hierarchy). The recoverable amount of the CGU was determined by an independent valuer, Optiro. The valuation review conducted by Optiro in June 2017 revealed that the fair market value of the Baobab Phosphate Project lies within a range of \$32,800,000 and \$62,800,000, with a preferred value of \$47,900,000. The Optiro valuation was based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources. The directors considered that the independent expert's preferred value of \$47,900,000 was most representative of the fair value of the Baobab Phosphate Project, therefore at 30 June 2017, the recoverable amount was calculated as \$46,940,000 after allowing for estimated costs of disposal.

Further reviews were conducted by Optiro at 31 December 2017 and 30 June 2018 on the same basis as at 30 June 2017. The valuation review revealed that the fair market value of the Baobab Phosphate Project had increased and lies within a range of \$35,800,000 and \$78,900,000 with a preferred value of \$55,500,000. The valuation increase was due to the significant increase in mineral resources estimates announced by the Company in October 2017. The directors considered that the independent expert's preferred value of \$55,500,000 was most representative of the fair value of the Baobab Phosphate Project, therefore at 30 June 2018, the recoverable amount was calculated as \$54,390,000 after allowing for estimated costs of disposal.

As a result, during the period an amount of \$5,863,171 (30 June 2017: \$5,954,404) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The 30 June 2018 impairment loss was allocated to the capitalised mine development expenditure. The 30 June 2017 impairment loss was allocated firstly to Goodwill in the amount of \$4,721,345, with the balance of \$1,233,059 allocated to the capitalised mine development expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

15. CAPITALISED MINE DEVELOPMENT EXPENDITURE (cont...)

Key inputs

The fair value was calculated on an implied value per tonne of P₂O₅ input with a range between \$1.00 to \$2.00. This value range was verified against enterprise value per P₂O₅ resource tonne of selected companies with comparable phosphate Mineral Resources

Sensitivity

| | Impact of impairment |
|---|----------------------|
| Price multiple of \$1.00 tonne of P ₂ O ₅ | \$23,729,000 |
| Price multiple of \$1.50 tonne of P ₂ O ₅ | \$5,863,171 |
| Price multiple of \$2.00 tonne of P ₂ O ₅ | Nil |

Key Judgements

Production Start Date

The Group assesses the stage of each mine under development/construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "Capitalised Mine Development Expenditure" to "Mine Properties" and/or "Property, Plant and Equipment". Some of the criteria used to identify the production start date include, but not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- The mine is producing at a pre-determined level of design capacity
- Ability to produce ore in saleable form (within specifications) and receive validation from customers
- Ability to sustain ongoing production of ore

When the mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements or mineable reserve development. It is also the point that depreciation and amortization commence.

Based on the above criteria the Group has determined at 30 June 2018 the Baobab Project remains in the development/construction phase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

16. INTANGIBLES

Accounting Policies

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.

| | 2018 | 2017 |
|--|-----------------|-----------|
| | \$ | \$ |
| Intangibles | | |
| Cost | 175,191 | 93,458 |
| Accumulated amortisation | (33,509) | (9,306) |
| Net carrying amount | 141,682 | 84,152 |
| Movements in carrying amounts | | |
| Opening net carrying amount ⁽ⁱ⁾ | 84,152 | 192,619 |
| Additions ⁽ⁱⁱ⁾ | 80,425 | 551,890 |
| Impairment ⁽ⁱⁱⁱ⁾ | - | (641,826) |
| Amortisation | (23,578) | (6,731) |
| Foreign currency translation movement | 683 | (11,800) |
| Closing net carrying amount at year end | 141,682 | 84,152 |

(i) The 2016 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 was amortised over the deemed useful life of 10 years during the 2016 financial year.

(ii) Licence rights additions in 2017 include USD\$350,000 (A\$447,748) paid by the Company to JDCP, to extend and improve the terms of Avenira's exclusive Australian and Senegal licence to construct a commercial scale IHP facility at Wonarah or Baobab for a period up to 10 years after the commercial validation of the IHP technology.

(iii) At 31 December 2016 the Group assessed the carrying value of intangible assets capitalised in respect of the licence rights paid by the Company to JDCP for impairment and determined that there is currently uncertainty as to whether the Group will recover the value due to insufficient evidence of recoverability based on JDCP's prolonged inability to raise funds, therefore delaying the ability to progress the IHP process towards commercial validation. The Company assessed the carrying value at 31 December 2016 as nil. The Company reassessed the carrying value of licence rights at 30 June 2018 and determined that it remains as nil (30 June 2017: Nil).

17. GOODWILL

Accounting Policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

17. GOODWILL (cont...)

| | 2018 \$ | 2017 \$ |
|--|------------|-------------|
| Goodwill | | |
| Goodwill acquired in business combination ⁽ⁱ⁾ | - | - |
| Net carrying amount | - | - |
| Movements in carrying amounts | | |
| Opening net carrying amount | - | 4,746,961 |
| Goodwill acquired in business combination at cost | - | - |
| Provision for impairment ⁽ⁱⁱ⁾ | - | (4,721,345) |
| Foreign currency translation movement | - | (25,616) |
| Closing net carrying amount at year end | - | - |

(i) The goodwill arose on acquisition of Baobab Mining and Chemicals Corporation SA (BMCC) on 23 September 2015.

(ii) Goodwill was impaired in full following the Group's 30 June 2017 annual impairment test. Refer to Note 15 for further details.

Key estimates and assumptions

The Group assesses at each reporting date whether goodwill is impaired. Refer to Note 15 for details of the 30 June 2017 impairment assessment.

18. OTHER ASSETS

During the financial year the Company entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of this new bulk solids and liquids port development east of Dakar, from which exports will be shipped in the future. An upfront payment of \$678,622 (XOF290 million) was required under the agreement. This amount will be amortised on a pro rata basis over the term of the lease being 25 years. The total amortisation accrued to 30 June 2018 was \$13,607 (XOF5.8million) (30 June 2017: Nil).

19. TRADE AND OTHER PAYABLES

Accounting Policies

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.

| | 2018 \$ | 2017 \$ |
|-------------------------------|------------------|------------|
| Trade payables ⁽ⁱ⁾ | 1,043,988 | 4,336,705 |
| Other payables and accruals | 915,733 | 389,721 |
| | 1,959,721 | 4,726,426 |

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

The carrying amounts disclosed above represent their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

20. PROVISIONS

Accounting Policies

(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) Mine 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.

Current

| | 2018 | 2017 |
|---------------------|----------------|---------|
| | \$ | \$ |
| Employment benefits | 210,958 | 186,404 |
| | 210,958 | 186,404 |

Non-Current

| | 2018 | 2017 |
|--|------------------|-----------|
| | \$ | \$ |
| Mine rehabilitation and restoration ⁽ⁱ⁾ | 2,432,970 | 2,387,606 |
| Employment benefits | 50,077 | 42,596 |
| | 2,483,047 | 2,430,202 |

Movements in mine rehabilitation and restoration provision

| | | |
|---------------------------------------|------------------|-------------|
| Opening net carrying amount | 2,387,606 | 3,965,981 |
| (Decrease)/increase in provision | (22,755) | (1,563,914) |
| Foreign currency translation movement | 68,119 | (14,461) |
| Closing net carrying amount | 2,432,970 | 2,387,606 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

20. PROVISIONS (cont...)

| | 2018 \$ | 2017 \$ |
|---|---------------|------------|
| Movements in employee benefits provision | | |
| Opening net carrying amount | 42,596 | 52,478 |
| Increase in provision | 7,688 | 37,878 |
| Paid during the year | (2,557) | (47,760) |
| Foreign currency translation movement | 2,350 | - |
| Closing net carrying amount | 50,077 | 42,596 |

(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.

Key estimates and assumptions

The Group assesses its mine rehabilitation provision half yearly in accordance with the above accounting policy. 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 2018 rehabilitation obligation has a carrying value of \$1,289,500 for the Wonarah Phosphate Project and \$1,143,470 for the Baobab Phosphate Project.

21. LOANS AND BORROWINGS

Accounting Policies

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

21. LOANS AND BORROWINGS (cont...)

| Current | INTEREST RATE % | 2018 \$ | 2017 \$ |
|---|-----------------------|----------------|------------------|
| Bridge loans – <i>unsecured</i> | 6.00 | - | 1,304,703 |
| Finance facility – <i>secured</i> | 6.75 | 804,442 | 683,294 |
| Total current loans and borrowings | | 804,442 | 1,987,997 |

| Non-current | INTEREST RATE % | 2018 \$ | 2017 \$ |
|---|-----------------------|------------------|------------------|
| Finance facility – <i>secured</i> | 6.75 | 4,368,066 | 4,002,155 |
| Other loan – <i>unsecured</i> | 6.75 | 2,847,084 | 2,514,445 |
| Total non-current loans and borrowings | | 7,215,150 | 6,516,600 |

Bridge loans

In June 2017 the Company entered into funding agreements with each of its two major shareholders, Agrifos Partners LLC (“Agrifos”) and Tablo Corporation, an affiliate of Groupe Mimran (“Mimran”) (“Major Shareholders”), whereby Agrifos would provide an unsecured bridge loan of US \$1,440,000 (A\$1,879,000) to the Company and Mimran would provide an unsecured bridge loan of US\$2,160,000 (A\$2,818,000) to the Company (together the “Bridge Loans”) to be drawn progressively and repayable on the earlier of a) six months from the first drawn down date and b) completion of the Entitlement Offer.

In October 2017, the facilities under the Bridge Loans were increased by a total of US\$1,300,000 (A\$1,696,020), US\$780,000 provided by Mimran and US\$520,000 by Agrifos.

The remaining amounts available under the facilities were fully drawn upon during the period.

During November and December 2017 funds from the Entitlement Offer was used to repay, in full, the Shareholder loans from Mimran of US\$2,940,000 (A\$3,872,523) plus interest and from Agrifos of US\$1,960,000 (A\$2,581,665) plus interest.

Finance facility

Gadde Bissik Phosphate Operations Suarl (“GBO”), Avenira’s 80% owned subsidiary, successfully secured a A\$9,600,000 finance facility through CBAO Groupe Attijariwafa Bank (“CBAO”). The facility consists of a A\$4,800,000 working capital facility and access to an additional A\$4,800,000 for the financing of export receivables, if required.

The facility has been secured to assist with the final stages of commissioning and ramp-up of the Baobab Phosphate Project. The key terms of the facility are:

- Working capital facility
 - Amount: XOF 2 billion (A\$4,800,000);
 - Term: 5 years;
 - Repayment Terms: No principal or interest repayments for 12 months, followed by 48 equal principal plus interest payments; and
 - Standard security arrangements over all GBO assets
- Trade facility
 - Access to an additional XOF 2billion (A\$4,800,000) for the financing of export receivables, if required.

The working capital facility of XOF 2 billion was fully drawn down on 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

21. LOANS AND BORROWINGS (cont...)

In March 2018 an agreement was finalised with CBAO to extend the deferral of the principal repayments of the existing working capital facility by a further twelve months to December 2018. All other terms and conditions remain.

Other loan

In March 2017 Mimran Group, the 20% shareholder in BMCC, contributed its pro rata share of loan funds of XOF 1.1 billion (A\$2,300,000) to BMCC through a loan from its related party Mimran Natural Resources.

The loan has no set date of repayment. BMCC shall only be required to repay the loan to Mimran Group with the approval of all BMCC shareholders and BMCC, with repayment terms agreed by all BMCC shareholders and BMCC. As neither BMCC or Avenira can demand repayment, the repayment of the loan can be deferred. Repayment is dependent on BMCC generating sufficient free cash flows to repay the loan.

Loan repayments from BMCC will be paid on a pro rata basis against the outstanding balances, i.e. 80% to Avenira and 20% to Mimran. The loan is limited in recourse to the assets of BMCC.

22. DEFERRED TAX LIABILITIES

Accounting Policies

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.

| | 2018 | 2017 |
|--|-------------|-----------|
| | \$ | \$ |
| Deferred tax liability | | |
| Deferred tax liability on acquisition ⁽ⁱ⁾ | 3,221,045 | 4,413,080 |
| Net carrying amount | 3,221,045 | 4,413,080 |
| Movements in carrying amounts | | |
| Opening net carrying amount | 4,413,080 | 4,746,961 |
| Income tax benefit realised | (1,465,793) | (308,265) |
| Foreign currency translation movement | 273,758 | (25,616) |
| Closing net carrying amount | 3,221,045 | 4,413,080 |

(i) The deferred tax liability arose on acquisition of Baobab Mining and Chemicals Corporation on 23 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

23. ISSUED CAPITAL

Accounting Policies

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.

| | NOTES | 2018 | | 2017 | |
|--|--------------|--------------------|--------------------|------------------|-------------|
| | | NUMBER OF SHARES | \$ | NUMBER OF SHARES | \$ |
| (a) Share capital | | | | | |
| Ordinary shares fully paid | 23(b), 23(e) | 915,903,243 | 139,480,390 | 579,100,867 | 123,146,839 |
| Unissued shares ⁽ⁱ⁾ | | - | - | - | 1,891,050 |
| Total share capital | | 915,903,243 | 139,480,390 | 579,100,867 | 125,037,889 |
| (b) Movements in ordinary share capital | | | | | |
| Beginning of the financial year | | 579,100,867 | 125,037,889 | 523,901,468 | 119,817,389 |
| Transactions during the year: | | | | | |
| - Issue of shares ⁽ⁱ⁾ | | 22,512,506 | - | - | - |
| - Issue of shares ⁽ⁱⁱ⁾ | | 270,833,345 | 13,000,001 | - | - |
| - Issue of shares ⁽ⁱⁱⁱ⁾ | | 377,358 | 20,000 | - | - |
| - Issue of Shares ^(iv) | | 41,666,667 | 2,000,000 | - | - |
| - Issue of shares ^(v) | | 1,412,500 | - | - | - |
| - Issue of shares ^(vi) | | - | - | 2,000,000 | 360,000 |
| - Issue of shares ^(vii) | | - | - | 925,000 | 92,500 |
| - Issue of shares ^(viii) | | - | - | 40,000,000 | 2,268,000 |
| - Issue of shares ^(ix) | | - | - | 5,025,000 | - |
| - Issue of shares ^(x) | | - | - | 7,249,399 | 608,950 |
| - Unissued shares ⁽ⁱ⁾ | | - | - | - | 1,891,050 |
| - Less: transaction costs | | - | (577,500) | - | - |
| End of the financial year | | 915,903,243 | 139,480,390 | 579,100,867 | 125,037,889 |

(i) In June 2017, the Company received \$1,891,050 from Agrifields DMCC pursuant to the Shortfall Placement Agreement. The corresponding 22,512,506 ordinary shares were issued at 8.4 cents per share subsequent to year-end on 3 July 2017.

(ii) Issued at 4.8 cents per share pursuant to the Company's Entitlement Offer.

(iii) Issued at 5.3 cents per share to Mr. L Calvarin following approval by shareholders at the 14 November 2017 Annual General Meeting.

(iv) Issued at 4.8 cents per share to Foster Stockbroking

(v) Issued for nil consideration on the vesting and conversion of Tranche 3 Performance Rights granted in 2015 under the Company's Performance Rights Plan.

(vi) Issued on the exercise of \$0.18 options expiring on or before 29 July 2016.

(vii) Issued on the exercise of \$0.10 options expiring on or before 30 June 2018.

(viii) Issued to Baobab Partners LLC on 20 March 2017 on the vesting and conversion of share rights.

(ix) Issued for nil consideration on the vesting and conversion of Tranche 1 Performance Rights granted in 2015 under the Company's Performance Rights Plan.

(x) Issue of shares at \$0.084 pursuant to the Company's Share Purchase Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

23. ISSUED CAPITAL (cont...)

| | NUMBER OF OPTIONS | |
|---|--------------------|--------------|
| | 2018 | 2017 |
| (c) Movements in unlisted options on issue | | |
| Beginning of the financial year | 88,075,000 | 127,050,000 |
| Issued during the year: | | |
| Expired/cancelled during the year | | |
| - 10 cents, 30 June 2018 | (2,075,000) | - |
| - 15 cents, 30 June 2018 | (3,000,000) | - |
| - 25 cents, 30 June 2018 | (3,000,000) | - |
| - 18 cents, 29 July 2016 | - | (1,550,000) |
| - 22.5 cents, 20 November 2016 | - | (5,500,000) |
| - 30 cents, 8 April 2017 | - | (14,000,000) |
| - 23 cents, 18 June 2017 | - | (5,000,000) |
| - 27 cents, 18 June 2017 | - | (5,000,000) |
| - 31 cents, 18 June 2017 | - | (5,000,000) |
| Exercised during the year: | | |
| - 18 cents, 29 July 2016 | - | (2,000,000) |
| - 10 cents, 30 June 2018 | - | (925,000) |
| End of the financial year | 80,000,000 | 88,075,000 |

| | NUMBER OF SHARE RIGHTS | |
|--|------------------------|--------------|
| | 2018 | 2017 |
| (d) Movements in share rights | | |
| Beginning of the financial year | 2,512,500 | 53,800,000 |
| Issued during the year: | | |
| - Issued for performance rights, expiring on 30 June 2022 ⁽ⁱ⁾ | 5,000,000 | - |
| Exercised during the year: | | |
| - Contingent share rights exercised on 20 March 2017 ⁽ⁱⁱ⁾ | - | (40,000,000) |
| - Tranche 1 performance rights vested on 30 September 2016 | - | (5,025,000) |
| - Tranche 3 performance rights vested on 21 September 2017 | (1,412,500) | - |
| Lapsed during the year: | | |
| - Performance rights forfeited on 11 January 2017 ⁽ⁱⁱⁱ⁾ | - | (3,750,000) |
| - Tranche 2 performance rights lapsed on 31 May 2017 ^(iv) | - | (2,512,500) |
| - Tranche 3 performance rights lapsed on 10 December 2017 ^(v) | (1,100,000) | - |
| End of the financial year | 5,000,000 | 2,512,500 |

(i) Subsequent to the approval at the Annual General Meeting held on 14 November 2017 Director performance share rights were issued to Mr. Louis Calvarin. The share rights were issued in accordance with the terms and conditions approved at the Annual General Meeting. The share rights are subject to vesting performance conditions, a vesting milestone date and has an expiry date 5 years from the date of issue. Refer to Note 35 for further details.

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

(iii) Mr. Lawrenson's 1,875,000 vested and 1,875,000 unvested performance rights were forfeited upon resignation.

(iv) 2,512,500 performance rights granted under the Company's Performance Rights Plan lapsed on 31 May 2017, when the performance milestone was not achieved by the milestone date.

(v) 1,100,000 performance rights granted under the Company's Performance Rights Plan were forfeited upon resignation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

23. ISSUED CAPITAL (cont...)

(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:

| | 2018 | 2017 |
|------------------------------|--------------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents | 3,679,173 | 2,946,100 |
| Trade and other receivables | 969,294 | 1,205,601 |
| Inventory | 2,286,116 | 3,456,258 |
| Trade and other payables | (1,959,721) | (4,726,426) |
| Current provisions | (210,958) | (186,404) |
| Current loans and borrowings | (804,442) | (1,987,997) |
| Working capital position | 3,959,462 | 707,132 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

24. RESERVES AND ACCUMULATED LOSSES

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | \$ | \$ |
| (a) Reserves | | |
| Foreign currency translation | 1,438,988 | (697,800) |
| Share-based payments | 17,314,837 | 18,364,389 |
| Available-for-sale financial assets reserve | 15,610 | 15,610 |
| Non-controlling interest reserve | 7,465,464 | 7,465,464 |
| Total reserves | 26,234,899 | 25,147,663 |
| Movements: | | |
| <i>Available-for-sale financial assets reserve</i> | | |
| Balance at beginning of year | 15,610 | - |
| Revaluation | - | 15,610 |
| Balance at end of year | 15,610 | 15,610 |
| <i>Foreign currency translation reserve</i> | | |
| Balance at beginning of year | (697,800) | (676,313) |
| Currency translation differences arising during the year | 2,136,788 | (21,487) |
| Balance at end of year | 1,438,988 | (697,800) |
| <i>Share-based payments reserve</i> | | |
| Balance at beginning of year | 18,364,389 | 19,247,220 |
| Performance rights and share rights | 111,543 | 224,075 |
| Other share-based payments ⁽ⁱ⁾ | (1,161,095) | 1,161,094 |
| Share rights converted to ordinary shares | - | (2,268,000) |
| Balance at end of year | 17,314,837 | 18,364,389 |
| <i>Non-controlling interest reserve</i> | | |
| Balance at beginning of year | 7,465,464 | 7,465,464 |
| Balance at end of year | 7,465,464 | 7,465,464 |

(i) Refer to Note 35 Share Based Payments for further details.

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$ | \$ |
| (b) Accumulated losses | | |
| Balance at beginning of year | (108,657,005) | (81,189,960) |
| Net loss for the year attributable to owners of Avenira Limited | (5,335,683) | (27,467,045) |
| Balance at end of year | (113,992,689) | (108,657,005) |

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

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) Non-controlling interest 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. FINANCIAL RISK MANAGEMENT

Accounting Policies

CLASSIFICATION

Financial Assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

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.

Financial Liabilities

The Group classifies its financial liabilities in the following categories: payables and loans and borrowings.

(i) Payables

This category generally applies to trade and other payables. For more information refer to Note 19.

(ii) Loans and borrowings

This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 21.

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.

All financial liabilities are recognised at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. A financial liability is derecognised when the obligation under the liability is discharged.

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.

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.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

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.

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.

Financial instruments

The Group holds the following financial instruments:

| | 2018 | 2017 |
|-------------------------------------|------------------|-------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 3,679,173 | 2,946,100 |
| Trade and other receivables | 969,294 | 1,205,601 |
| Other non-current receivables | 1,481,600 | 1,481,600 |
| Available-for-sale financial assets | | |
| - Listed investments | 31,239 | 31,239 |
| - Unlisted investments | - | - |
| Derivative financial instruments | - | - |
| | 6,161,306 | 5,664,540 |
| Financial liabilities | | |
| Trade and other payables | 1,959,721 | 4,726,426 |
| Loans and borrowings | 8,019,592 | 8,504,597 |
| | 9,979,313 | 13,231,023 |

(a) Market risk

Market risk arises from Avenira's exposure to interest bearing financial assets and foreign currency financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

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, and South African Rand at parent level and fluctuations of the Australian dollar against the 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:

| | ZAR AUD | USD AUD | EUR AUD |
|------------------------------------|------------------|------------------|-----------------|
| Financial assets | | | |
| Cash and cash equivalents | 32,109 | 11,601 | 46,672 |
| Trade and other receivables | - | 1,182 | - |
| Total financial assets | 32,109 | 12,783 | 46,672 |
| Financial liabilities | | | |
| Trade and other payables | (140,261) | (274,663) | (40,948) |
| Loans and borrowings | - | - | - |
| Total financial liabilities | (140,261) | (274,663) | (40,948) |

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

| | |
|-----------------|----------------|
| ZAR/AUD: 10.143 | (2017: 10.025) |
| XOF/AUD: 415.61 | (2017: 441.32) |
| USD/AUD: 0.7403 | (2017: 0.7686) |
| EUR/AUD: 0.6336 | (2017: 0.6728) |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

| | 2018 \$ | 2017 \$ |
|----------------------------|------------|------------|
| Impact on post tax profits | | |
| XOF/AUD +10% | - | - |
| XOF/AUD -10% | - | - |
| USD/AUD +10% | 23,807 | 27,820 |
| USD/AUD -10% | (29,098) | (34,003) |
| ZAR/AUD +10% | 9,832 | (14,709) |
| ZAR/AUD -10% | (12,017) | 17,978 |
| EUR/AUD +10% | 3,202 | 34,927 |
| EUR/AUD -10% | 5,186 | 1,770 |
| Impact on equity | | |
| XOF/AUD +10% | - | - |
| XOF/AUD -10% | - | - |
| USD/AUD +10% | 23,807 | 27,820 |
| USD/AUD -10% | (29,098) | (34,003) |
| ZAR/AUD +10% | 9,832 | (14,709) |
| ZAR/AUD -10% | (12,017) | 17,978 |
| EUR/AUD +10% | 3,202 | 34,927 |
| EUR/AUD -10% | 5,186 | 1,770 |

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 2017: 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 2018, the Group had interest-bearing assets in the form of cash and cash equivalents and interest-bearing liabilities in the form of loans and borrowings. As such the Group's income and operating cash flows are somewhat exposed to movements in market interest rates due to the movements in variable interest rates on cash and cash equivalents. The Group's loans and borrowings have fixed rates of interest. As a result, the Group's does not have exposure to interest rate risk arising from its financial liabilities.

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 2018, the entire balance of cash and cash equivalents for the Group of \$3,679,173 (2017: \$2,946,100) 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.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Impact on post tax profits | | |
| Hypothetical 80 basis points increase in interest | 27,033 | 79,534 |
| Hypothetical 80 basis points decrease in interest | (27,033) | (79,534) |
| Impact on equity | | |
| Hypothetical 80 basis points increase in interest | 27,033 | 79,534 |
| Hypothetical 80 basis points decrease in interest | (27,033) | (79,534) |

The hypothetical movement in basis points for the interest rate sensitivity analysis is based on the currently observed market environment (30 June 2017: 0.80%).

The weighted average interest rate received on cash and cash equivalents of the Group is 2.29% (2017: 2.68%).

(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 2018, the exposure to unlisted equity securities at fair value is nil (2017: nil). Refer to Note 11 for further details of impairment recognised in respect of unlisted available-for-sale financial assets.

At 30 June 2018, the exposure to listed equity securities at fair value was \$31,239 (2017: \$31,239). A decrease of 40% on the market price could have an impact of approximately \$12,500 (2017: \$12,500) 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.

| | 2018 \$ | 2017 \$ |
|----------------------------------|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | 3,679,173 | 2,946,100 |
| Trade and other receivables | 969,294 | 1,205,601 |
| Other non-current receivables | 1,481,600 | 1,481,600 |
| Derivative financial instruments | - | - |
| | 6,130,067 | 5,633,301 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

| | 2018 \$ | 2017 \$ |
|---|------------------|------------|
| Cash at bank and short-term bank deposits | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA- rated | - | - |
| AA3 rated | 3,467,913 | 2,633,368 |
| <i>Held with South African banks and financial institutions</i> | | |
| BBB rated | 32,109 | 147,853 |
| <i>Held with Mauritius banks and financial institutions</i> | | |
| BBB rated | 11,339 | 41,984 |
| <i>Held with Senegalese banks and financial institutions</i> | | |
| BBB rated | 167,812 | 122,895 |
| Total | 3,679,173 | 2,946,100 |
| Trade and other receivables | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA- rated | - | - |
| AA3 rated | 30,000 | 30,000 |
| <i>Counterparties with external credit ratings</i> | - | - |
| <i>Counterparties without external credit ratings⁽²⁾</i> | | |
| Group 1 | 716,667 | 1,063,285 |
| Group 2 | 222,627 | 112,316 |
| Group 3 | - | - |
| Total | 969,294 | 1,205,601 |
| Other non-current receivables | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA- rated | 1,481,600 | 1,481,600 |
| A rated | - | - |
| <i>Counterparties with external credit ratings</i> | - | - |
| <i>Counterparties without external credit ratings</i> | | |
| Group 1 | - | - |
| Group 2 | - | - |
| Group 3 | - | - |
| Total | 1,481,600 | 1,481,600 |
| Derivative financial instruments⁽¹⁾ | | |
| <i>Counterparties with external credit ratings</i> | - | - |
| <i>Counterparties without external credit ratings⁽²⁾</i> | | |
| Group 1 | - | - |
| Group 2 | - | - |
| Group 3 | - | - |
| Total | - | - |

(1) Derivative financial instruments were impaired to nil during the 2015 financial year. Refer to Note 12 for further details.

(2) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

IMPAIRED 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 doubtful debts. Subsequent recoveries of amounts previously written off are credited against other expenses. Refer to Note 10 for information about how impairment losses are calculated.

At 30 June 2018, the Group has receivables from JDCP totaling \$2,351,171 (30 June 2017: \$3,129,784).

Due to the uncertainty regarding the timing and achievement of IHP commercialisation, the carrying value was impaired to nil at 31 December 2016.

In 2017 JDCP announced that it has raised significant equity from Stonecutter Phosphate Investors LLC, which will accelerate commercialisation of the company's IHP technology. The Company assessed the outcome of the investment and determined the carrying value of the receivables remains fully impaired at 30 June 2018. In 2017 the Company converted its 2015 promissory notes totalling \$902,077 into Series A preferred shares in JDCP.

In June 2018 the Company provided a bridge loan to JDCP of \$38,455. This amount was provided for in full at 30 June 2018.

- (i) Furthermore, at 30 June 2017, the Group considered the recoverability of the VAT receivable in Senegal totalling \$4,252,348. Due to the uncertainty regarding the timing and the current stage of the operations in Senegal the Group has provided for the full amount of VAT receivable. Finalisation of a VAT refund claim in Senegal during the financial year resulted in the approval of a VAT refund of \$3,629,684. This resulted in the reversal of a previously impaired VAT receivable balance of \$3,629,684 at 31 December 2017. Furthermore, based on historical VAT recovery outcomes the Company has determined that 30% of the outstanding VAT receivable still subject to approval in Senegal should be provided for resulting in an impairment of \$292,687.

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

| | 2018 | 2017 |
|---|------------------|-----------|
| | \$ | \$ |
| Opening balance | 7,382,132 | 815,807 |
| Provision for impairment recognised during the year | 322,141 | 6,566,325 |
| Reversal of provision during the year | (5,060,415) | - |
| Closing balance | 2,643,858 | 7,382,132 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

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

| | 2018 \$ | 2017 \$ |
|--------------------------------------|------------------|-------------|
| Impairment losses | | |
| Movement in provision for impairment | 3,295,751 | (6,610,202) |

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and/or funding facilities are available to meet the current and future commitments of the Group. 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 capital raisings as required.

The financial liabilities of the Group consist of trade and other payables and loans and borrowings 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. Loans and borrowings included interest and non-interest-bearing facilities and mature in accordance with the table below.

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

| | LESS THAN 1 MONTH \$ | 1-3 MONTHS \$ | 3 MONTHS - 1 YEAR \$ | 1-5 YEARS \$ | 5+ YEARS \$ | NO SET REPAYMENT DATE \$ | TOTAL \$ |
|--|----------------------------|---------------------|----------------------------|--------------------|----------------|-----------------------------------|-------------|
|--|----------------------------|---------------------|----------------------------|--------------------|----------------|-----------------------------------|-------------|

Contractual maturities of financial liabilities

2018

| | | | | | | | |
|--|------------------|----------------|----------------|------------------|----------|------------------|------------------|
| Interest bearing loans and borrowings at 6.00% | - | - | - | - | - | - | - |
| Interest bearing loans and borrowings at 6.75% | - | - | 804,442 | 4,368,066 | - | 2,847,084 | 8,019,592 |
| Trade and other payables | 1,043,988 | 915,733 | - | - | - | - | 1,959,721 |
| | 1,043,988 | 915,733 | 804,442 | 4,368,066 | - | 2,847,084 | 9,979,313 |

| | LESS THAN 1 MONTH \$ | 1-3 MONTHS \$ | 3 MONTHS - 1 YEAR \$ | 1-5 YEARS \$ | 5+ YEARS \$ | NO SET REPAYMENT DATE \$ | TOTAL \$ |
|--|----------------------------|---------------------|----------------------------|--------------------|----------------|-----------------------------------|-------------|
|--|----------------------------|---------------------|----------------------------|--------------------|----------------|-----------------------------------|-------------|

Contractual maturities of financial liabilities

2017

| | | | | | | | |
|--|------------------|----------------|------------------|------------------|----------|------------------|-------------------|
| Interest bearing loans and borrowings at 6.00% | - | - | 1,304,703 | - | - | - | 1,304,703 |
| Interest bearing loans and borrowings at 6.75% | - | - | 683,295 | 4,002,154 | - | 2,514,445 | 7,199,894 |
| Trade and other payables | 4,336,706 | 389,720 | - | - | - | - | 4,726,426 |
| | 4,336,706 | 389,720 | 1,987,998 | 4,002,154 | - | 2,514,445 | 13,231,023 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

(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.

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 | |
|-------------------------------------|-----------------|--------|---------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Available-for-sale financial assets | 31,239 | 31,239 | 31,239 | 31,239 |
| Derivative financial instruments | - | - | - | - |
| Total financial assets | 31,239 | 31,239 | 31,239 | 31,239 |

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|--|---------------|----------|----------|---------------|
| | \$ | \$ | \$ | \$ |
| 2018 | | | | |
| Financial assets | | | | |
| Available-for-sale financial assets | | | | |
| - Listed investments | 31,239 | - | - | 31,239 |
| - Unlisted investments | - | - | - | - |
| Derivative financial instruments | | | | |
| - Warrants | - | - | - | - |
| - Conversion rights on promissory note | - | - | - | - |
| | 31,239 | - | - | 31,239 |
| 2017 | | | | |
| Financial assets | | | | |
| Available-for-sale financial assets | | | | |
| - Listed investments | 31,239 | - | - | 31,239 |
| - Unlisted investments | - | - | - | - |
| Derivative financial instruments | | | | |
| - Warrants | - | - | - | - |
| - Conversion rights on promissory note | - | - | - | - |
| | 31,239 | - | - | 31,239 |

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 investment has been estimated based on the net asset value of JDCP as at 30 June 2018. 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 2018, the fair value of the Group's investment in JDCP was considered fully impaired and assessed as nil. Refer to Note 12 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 as detailed below:
 - In 2014 the warrants have an exercise price of USD0.01 and expire on 17 February 2024. The warrants were cancelled in July 2016.
 - In 2017 the warrants have an exercise price of USD0.01 and an expire on 20 March 2020.
 - In 2018 the warrants have an exercise price of USD0.0734 and expire in May and June 2023.
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 2018 was considered to be nil (30 June 2017: Nil). Refer to Note 13 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 with JDCP (the "recipient") with a face value of US\$595,376 (A\$834,444). The notes accrued interest at 8% per annum compounded monthly and payable on maturity. In February 2017 the notes were converted into Series A Preferred Shares in JDCP. The fair value of the Series A Preferred Shares was considered to be nil at the date of issue and at 30 June 2018 (30 June 2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

25. FINANCIAL RISK MANAGEMENT (cont...)

- On 15 July 2016, the Group (the “holder”) entered into convertible secured promissory notes with JDCP (“the recipient”) with a face value of US\$1,650,000 (A\$2,146,900) (the “Principal Repayment Amount”). The notes accrue interest at 12% per annum, compounded annually and payable on maturity. The notes mature on the earlier to occur of (a) any liquidation, dissolution or winding up of the Company; or (b) either (i) 15 February 2020 or (ii) JDCP’s receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC. At any time prior to the earlier of (a) the payment of the notes in full and (b) the conversion of the Repayment Principal Amount, at the sole option of the holder all or any portion of the entire Repayment Principal Amount together with all accrued and unpaid interest and any fees and expenses accruing on the Repayment Principal Amount may be converted 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 and fees by (ii) the rate of US\$17.661, subject to adjustment in the event of capital reorganisations, mergers, and various other events that impact the JDCP’s issued capital. The fair value of the conversion rights attached to these JDCP promissory notes at 30 June 2018 was considered to be nil (30 June 2017: Nil) based on a probability weighted option pricing model.
- Refer to Note 25(b) for further details of impairment recognised in respect of promissory notes.

(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 2018 was \$51,722,600 (30 June 2017: \$41,528,547). The primary objective of the Group’s capital management is to maximise the shareholder value.

At 30 June 2018, the Group has external debt funding in the form of loans and borrowings as described at Note 21. None of the Group’s loans and borrowings impose covenants in respect of capital management.

Key estimates and assumptions

As described in the accounting policy above, 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. Key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions are set out above.

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 profit and loss for the period. Refer to Notes 12 and 13 for further details relating to impairment.

In relation to the judgement required regarding the Group’s promissory notes receivable refer to Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

26. 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.

| | 2018 \$ | 2017 \$ |
|---|----------------|------------|
| Auditor remuneration: | | |
| Ernst & Young Australia – audit and review of financial reports | 109,684 | 132,100 |
| Non Ernst & Young audit firms - Statutory audit of foreign subsidiaries | 53,061 | 29,222 |
| | 162,745 | 161,322 |
| Other non-audit remuneration: | | |
| Ernst & Young Australia | | |
| Tax compliance services | 18,000 | 14,300 |
| Other tax advisory services | 20,000 | 15,225 |
| | 38,000 | 29,525 |
| Remuneration of related practices of Ernst & Young | | |
| Foreign subsidiary audits | 28,653 | 41,702 |
| Tax compliance services | - | 2,756 |
| | 28,653 | 44,458 |

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 Corporations 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.

27. 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.

28. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

28. COMMITMENTS (cont...)

| | 2018 | 2017 ⁽ⁱ⁾ |
|--|----------------|---------------------|
| | \$ | \$ |
| (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 | 136,762 | 175,114 |
| Later than one year but no later than five years | 114,151 | 272,923 |
| Later than five years | - | 13,630 |
| | 250,913 | 461,667 |

In the prior reporting period the Group surrendered the mining lease ML272244 in the Northern Territory. This resulted in reduced exploration commitments.

(b) Non-cancellable operating lease

Minimum lease payments:

| | | |
|--|---------------|---------------|
| Within one year | 16,463 | 16,463 |
| Later than one year but no later than five years | 837 | 837 |
| Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities | 17,300 | 17,300 |

The Group has a non-cancellable office lease that expires within one year and has no renewal rights.

| | 2018 | 2017 |
|--|------------------|------|
| | \$ | \$ |
| (c) Mine development commitments | | |
| Within one year | 308,416 | - |
| Later than one year but no later than five years | 519,722 | - |
| Later than five years | 2,598,608 | - |
| Development expenditure contracted for at reporting date but not recognised as liabilities | 3,426,746 | - |

The mine development commitments at 30 June 2018 pre-dominantly relate to the annual fee to be paid for the lease on the Bargny Port. The first annual payment is due in January 2019. The lease term is for 25 years.

29. DIVIDENDS

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

30. 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 31) and with its key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

30. RELATED PARTY TRANSACTIONS (cont...)

(b) Subsidiaries

Interests in subsidiaries are set out in Note 31.

(c) Compensation of Key Management Personnel

| | 2018 | 2017 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Short-term benefits | 1,284,573 | 1,132,864 |
| Long-term benefits | 14,552 | 32,445 |
| Post-employment benefits | 31,667 | 58,594 |
| Termination payments | - | 550,000 |
| Share-based payments | 97,244 | 106,674 |
| | 1,428,036 | 1,880,577 |

(d) Loans from key management personnel

The Group received the following loans from KMP or their related parties during the 2018 financial year (2017: \$3,765,467):

2018

| LENDER | BALANCE AT START OF THE YEAR | LOAN PROCEEDS RECEIVED | INTEREST CHARGED | INTEREST NOT CHARGED | FORGIVEN DURING THE YEAR | FX IMPACT | REPAID DURING THE YEAR | BALANCE AT END OF THE YEAR | HIGHEST BALANCE DURING THE YEAR |
|--|------------------------------|------------------------|------------------|----------------------|--------------------------|-----------|------------------------|----------------------------|---------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Agrifos Partners LLC ⁽ⁱ⁾ | 521,830 | 2,065,394 | 40,268 | - | - | (45,817) | (2,581,675) | - | 2,581,675 |
| Tablo Corporation ⁽ⁱⁱ⁾ | 782,873 | 3,098,090 | 66,444 | - | - | (74,894) | (3,872,513) | - | 3,872,513 |
| Mimran Natural Resources ⁽ⁱⁱ⁾ | 2,514,445 | - | 176,660 | - | - | - | - | 2,847,084 | 2,847,084 |

(i) Agrifos Partners LLC is a company related through the common control of directors Mr. Timothy Cotton and Mr. Frank Chaouni.

(ii) Tablo Corporation and Mimran Natural Resources are companies related through the common control of director Mr. David Mimran.

2017

| LENDER | BALANCE AT START OF THE YEAR | LOAN PROCEEDS RECEIVED | INTEREST CHARGED | INTEREST NOT CHARGED | FORGIVEN DURING THE YEAR | FX IMPACT | REPAID DURING THE YEAR | BALANCE AT END OF THE YEAR | HIGHEST BALANCE DURING THE YEAR |
|--|------------------------------|------------------------|------------------|----------------------|--------------------------|-----------|------------------------|----------------------------|---------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Agrifos Partners LLC ⁽ⁱ⁾ | - | 520,461 | 1,369 | - | - | - | - | 521,830 | 521,830 |
| Tablo Corporation ⁽ⁱⁱ⁾ | - | 780,691 | 2,182 | - | - | - | - | 782,873 | 782,873 |
| Mimran Natural Resources ⁽ⁱⁱ⁾ | - | 2,464,315 | 50,130 | - | - | - | - | 2,514,445 | 2,514,445 |

(i) Agrifos Partners LLC is a company related through the common control of directors Mr. Timothy Cotton and Mr. Frank Chaouni.

(ii) Tablo Corporation and Mimran Natural Resources are companies related through the common control of director Mr. David Mimran.

Key terms and conditions of the loans are as follows:

| LENDER | INTEREST RATE ⁽ⁱ⁾ | SECURITY | REPAYMENT DATE |
|--------------------------|------------------------------|-----------|-----------------|
| Agrifos Partners LLC | 6.00% | unsecured | ⁽ⁱⁱ⁾ |
| Tablo Corporation | 6.00% | unsecured | ⁽ⁱⁱ⁾ |
| Mimran Natural Resources | 6.75% | unsecured | no set date |

(i) Interest rates on the Group's borrowings range from 6.00 – 6.75%; as such loans received from KMP are considered to be at commercial rates.

(ii) Repayable on the earlier of a) six months from the first drawn down date and b) completion of the Entitlement Offer as further described at Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

30. RELATED PARTY TRANSACTIONS (cont...)

Full terms and conditions of the loans can be found at Note 21.

(e) Other transactions and balances with the key management personnel

- (iii) In addition to his Non-executive Director fee, Mr. McCubbing was engaged to provide the Company financial and commercial advisory services on a consulting basis during the year ended 30 June 2018. Total consultancy fees of \$13,700 (2017: \$46,700) were charged by Mr. McCubbing during the year. The agreement had no fixed term and no termination notice period. At 30 June 2018, advisory fees paid to Mr. McCubbing impacted the statement of profit and loss and other comprehensive income with \$13,700 recognised in Administrative and Other Expenses. There was no impact on the 30 June 2018 statement of financial position.
- (iv) The Company owns approximately 7% of JDCPhosphates, Inc (JDCP) and has an exclusive licence to utilise the IHP technology. Avenir Non-Executive Directors Mr Chaouni and Mr Cotton are Directors of and have an equity interest in JDCP. Please refer to Note 7, Note 11, Note 12 and Note 16 for further details on transactions between the two companies during the period.

31. SUBSIDIARIES

Accounting policies

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.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

31. SUBSIDIARIES (cont...)

| SUBSIDIARIES | COUNTRY OF INCORPORATION | CLASS OF SHARES | EQUITY HOLDING ⁽ⁱ⁾ | |
|--|--------------------------|-----------------|-------------------------------|------------|
| | | | 2018 \$ | 2017 \$ |
| 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 |
| Baobab Fertilizer Africa ⁽ⁱⁱ⁾ | Mauritius | Ordinary | 100 | 100 |
| Baobab Mining and Chemicals Corporation SA ⁽ⁱⁱ⁾ | Senegal | Ordinary | 80 | 80 |
| Gadde Bissik Phosphate Operations Suarl ⁽ⁱⁱ⁾ | Senegal | Ordinary | 80 | 80 |
| Avenira Holdings LLC ⁽ⁱⁱⁱ⁾ | USA | Ordinary | 100 | 100 |

(i) The proportion of ownership interest is equal to the proportion of voting power held.

(ii) The financial year end date is 31 December.

(iii) The company's equity represented by an initial capital contribution by Avenira as the sole member.

Transactions with non-controlling interests

| Portion of equity interest held by non-controlling interests | COUNTRY OF INCORPORATION | 2018 | 2017 |
|---|--------------------------|-------------|-------------|
| | | \$ | \$ |
| Baobab Mining and Chemicals Corporation SA | Senegal | 20% | 20% |
| Accumulated balance of material non-controlling interest | | 2018 \$ | 2017 \$ |
| Baobab Mining and Chemicals Corporation SA | | (4,416,599) | (5,057,338) |
| Loss allocated to material non-controlling interest | | 2018 \$ | 2017 \$ |
| Baobab Mining and Chemicals Corporation SA | | 840,294 | 2,803,753 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

31. SUBSIDIARIES (cont...)

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

| | 2018 | 2017 |
|--|--------------------|---------------------|
| | \$ | \$ |
| Other income | - | 21,995 |
| Depreciation expense | (343,570) | (249,706) |
| Salaries and employee benefit expenses | (345,557) | (451,982) |
| Exploration expenditure | (114,515) | (323,391) |
| Administrative and other expenses | (1,013,635) | (2,470,293) |
| Impairment expense | (7,182,462) | (6,601,311) |
| Impairment reversal / (impairment) of Doubtful debts | 3,332,476 | (4,252,348) |
| Loss for the period from continuing operations | (5,667,263) | (14,327,036) |
| Income tax benefit/(expense) | 1,465,793 | 308,265 |
| Loss for the period from continuing operations | (4,201,470) | (14,018,771) |
| Total comprehensive loss | (4,201,470) | (14,018,771) |
| Attributable to non-controlling interest | (840,294) | (2,803,753) |
| Foreign currency gain/(loss) on translation of foreign operations attributable to non-controlling interest | - | 13,034 |

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

| | 2018 | 2017 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Current assets | 3,251,022 | 4,662,591 |
| Non-current assets | 57,447,261 | 51,662,982 |
| Current liabilities | (27,229,167) | (18,973,220) |
| Non-current liabilities | (11,386,123) | (12,065,664) |
| Total equity | 22,082,993 | 25,286,689 |
| Attributable to: | | |
| Equity holders of parent | 17,666,394 | 20,229,351 |
| Non-controlling interest | 4,416,599 | 5,057,338 |

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

| | 2018 | 2017 |
|---|------------------|--------------------|
| | \$ | \$ |
| Cash flow from operating activities | (1,340,884) | (645,173) |
| Cash flow from investing activities | (8,164,953) | (25,722,852) |
| Cash flow from financing activities | 9,658,390 | 19,591,798 |
| Net increase/(decrease) in cash and cash equivalents | (152,553) | (6,776,227) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

32. EVENTS OCCURRING AFTER THE BALANCE DATE

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

- On 7 August 2018 the Company announced a share placement to raise A\$2.8 million via the issue of 139,999,999 fully paid ordinary shares at a price of \$0.02 per share (Placement). The Placement will be completed in two tranches as follows:
 - 40,000,000 was issued following receipt of A\$800,000 on 16 August under the Company's existing 15% capacity under ASX Listing Rule 7.1 (Tranche 1 Shares); and
 - 99,999,999 shares will be issued, following shareholder approval at a general meeting of shareholders held on 20 September 2018 (Tranche 2 Shares) (General Meeting). The receipt of A\$2 million and settlement of the Tranche 2 Shares is expected to occur on or around 8 October 2018.

Other than as disclosed above, no event has occurred since 30 June 2018 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.

33. STATEMENT OF CASHFLOWS

| | 2018 \$ | 2017 \$ |
|--|--------------------|--------------------|
| Reconciliation of net loss after income tax to net cash outflow from operating activities | | |
| Net loss from continuing operations | (6,175,977) | (30,270,798) |
| Adjustment for non-cash items | | |
| Depreciation of plant and equipment | 341,054 | 256,458 |
| Net loss/(gain) on disposal of plant and equipment | - | 23,556 |
| Share based payment expense | 60,918 | 244,075 |
| Net foreign currency loss/(gain) | 148,478 | 255,529 |
| Impairment of intangibles | - | 641,826 |
| Amortisation of intangibles | 23,578 | 6,731 |
| Impairment of exploration and evaluation expenditure | 109,630 | 9,431,555 |
| Impairment of capitalised mine development expenditure | 5,863,171 | 1,233,059 |
| Impairment of goodwill | - | 4,721,345 |
| Other equity items | 70,623 | - |
| Impairment / (impairment reversal) of Doubtful debts | (3,295,751) | 6,610,202 |
| Change in operating assets and liabilities, net of effects from purchase of controlled entities | | |
| Decrease in trade and other receivables | (52,103) | (70,559) |
| Increase/(decrease) in trade and other payables | 258,915 | - |
| Increase in provisions | 21,899 | 4,590 |
| Increase in accrued interest component of loans and borrowings | - | 189,287 |
| Decrease in deferred tax liabilities | (1,465,793) | (308,265) |
| Net cash outflow from operating activities | (4,091,358) | (7,031,409) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

33. STATEMENT OF CASH FLOWS (cont...)

1) Change in liabilities from financing activities

| | 1-Jul-17 | Proceeds from Borrowing | Repayment of Borrowing | Interest Accrued | Interest Paid | FX | 30-Jun-18 |
|-------------------------------------|-----------|-------------------------|------------------------|------------------|---------------|----------|-----------|
| Interest bearing loans & borrowings | | | | | | | |
| - Bridge loans | 1,304,703 | 5,163,484 | (6,454,188) | 103,171 | (103,171) | (13,999) | - |
| Interest bearing loans & borrowings | | | | | | | |
| - CBAO | 4,685,449 | - | - | 279,069 | (82,664) | 290,654 | 5,172,508 |
| Interest bearing loans & borrowings | | | | | | | |
| - Mimran | 2,514,445 | - | - | 176,660 | - | 155,979 | 2,847,084 |
| | 8,504,597 | 5,163,484 | (6,454,188) | 558,900 | (185,835) | 432,634 | 8,019,592 |

34. EARNINGS PER SHARE

Accounting Policies

Basic earnings per share

Basic earnings per share is calculated by dividing the loss 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.

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.

| | 2018 | 2017 |
|--|--------------------|------------------|
| | \$ | \$ |
| (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 | (5,335,683) | (27,467,045) |
| | | |
| | 2018 | 2017 |
| | NUMBER OF SHARES | 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 | 768,865,253 | 539,274,664 |
| Weighted average number of ordinary shares used in calculation of diluted loss per share | 768,865,253 | 539,274,664 |
| (c) Effects of anti-dilution from | | |
| Unlisted options | 80,000,000 | 88,075,000 |
| Share rights | 5,000,000 | 2,512,500 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

35. SHARE BASED PAYMENTS

Accounting Policies

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'). 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').

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.

(a) Employees and Contractors Option Incentive Plan

There were no options granted to employees during the years ended 30 June 2018 and 2017.

In prior financial years 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. A total of 24,050,000 employee and contractor options were on issue at 30 June 2016; these expired on 30 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.

(b) Other option-based payments

There were no other option-based payments granted during the year ended 30 June 2018 or 30 June 2017.

During the year ended 30 June 2016 the Group provided unlisted options to third parties as incentive remuneration for the 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. The remaining 8,075,000 unlisted options expired during the year ended 30 June 2018.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

35. SHARE BASED PAYMENTS (cont...)

| SUBSIDIARIES | AVENIRA LIMITED | | | |
|--|--------------------|---|-------------------|---|
| | 2018 | WEIGHTED AVERAGE EXERCISE PRICE CENTS | 2017 | WEIGHTED AVERAGE EXERCISE PRICE CENTS |
| | NUMBER OF OPTIONS | | NUMBER OF OPTIONS | |
| Outstanding at the beginning of the year | 8,075,000 | 17 | 33,050,000 | 22 |
| Granted | - | - | - | - |
| Forfeited | - | - | - | - |
| Exercised | - | - | (925,000) | 10 |
| Expired | (8,075,000) | 17 | (24,050,000) | 25 |
| Outstanding at year end | - | - | 8,075,000 | 17 |
| Exercisable at year end | - | - | 5,075,000 | - |

There was no share options outstanding at the end of the financial year.

(c) Performance Rights Plan

There were 5,000,000 performance rights granted during the year ended 30 June 2018.

There were no performance rights granted during the year ended 30 June 2017.

Movements in the number of performance rights on issue are as follows:

| 2018 | AVENIRA LIMITED | | | | | |
|------------------------------|------------------------------------|---|--|-------------------------|----------------------------------|----------------------------------|
| | BALANCE AT START OF THE YEAR | ISSUED DURING THE YEAR ⁽ⁱ⁾ | VESTED AND CONVERTED TO SHARES ⁽ⁱⁱ⁾ | LAPSED ⁽ⁱⁱⁱ⁾ | FORFEITED UPON RESIGNATION | BALANCE AT END OF THE YEAR |
| Grant Date: 3 December 2015 | | | | | | |
| Tranche 1 | - | - | - | - | - | - |
| Tranche 2 | - | - | - | - | - | - |
| Tranche 3 | 2,512,500 | - | (1,412,500) | (1,100,000) | - | - |
| Grant Date: 14 November 2017 | | | | | | |
| Tranche 1 | - | 5,000,000 | - | - | - | 5,000,000 |
| TOTAL | 2,512,500 | 5,000,000 | (1,412,500) | (1,100,000) | - | 5,000,000 |

(i) Tranche 1 performance rights issued on 14 December 2017.

(ii) Tranche 3 performance rights vested on 21 September 2017 and were converted into shares for nil consideration on 2 February 2018.

(iii) Tranche 3 performance rights lapsed unvested upon resignation of recipients of rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

35. SHARE BASED PAYMENTS (cont...)

| 2017 | AVENIRA LIMITED | | | | | |
|------------------------------|------------------------------|---------------------------------------|---|------------------------|---|----------------------------|
| | BALANCE AT START OF THE YEAR | ISSUED DURING THE YEAR ⁽ⁱ⁾ | VESTED AND CONVERTED TO SHARES ⁽ⁱ⁾ | LAPSED ⁽ⁱⁱ⁾ | FORFEITED UPON RESIGNATION ⁽ⁱⁱⁱ⁾ | BALANCE AT END OF THE YEAR |
| Grant Date: 18 November 2015 | | | | | | |
| Tranche 1 | 1,875,000 | - | - | - | (1,875,000) | - |
| Tranche 2 | 937,500 | - | - | - | (937,500) | - |
| Tranche 3 | 937,500 | - | - | - | (937,500) | - |
| Grant Date: 3 December 2015 | | | | | | |
| Tranche 1 | 5,025,000 | - | (5,025,000) | - | - | - |
| Tranche 2 | 2,512,500 | - | - | (2,512,500) | - | - |
| Tranche 3 | 2,512,500 | - | - | - | - | 2,512,500 |
| TOTAL | 13,800,000 | - | (5,025,000) | (2,512,500) | (3,750,000) | 2,512,500 |

(i) Tranche 1 performance rights vested on 30 September 2016 and were converted to shares for nil consideration.

(ii) Tranche 2 performance rights lapsed on 31 May 2017, when the performance milestone was not achieved by the milestone date.

(iii) Mr. Lawrenson's 1,875,000 vested and 1,875,000 unvested performance rights were forfeited upon resignation.

The below table summarises the details of the performance rights granted during the 2018 financial year:

| | AVENIRA LIMITED | | | | | |
|------------------------------|-------------------------|------------------------------|--------------------|--------------|-------------|--|
| | NUMBER OF RIGHTS ISSUED | FAIR VALUE AT GRANT DATE, \$ | EXERCISE PRICE, \$ | VESTING DATE | EXPIRY DATE | PROBABILITY MILESTONE ACHIEVEMENT ⁽ⁱ⁾ |
| Grant Date: 14 November 2017 | | | | | | |
| Tranche 1 | 5,000,000 | 0.049 | nil | 30 June 20 | 30 June 22 | 50% |
| 2018 rights granted | 5,000,000 | | | | | |

(i) The 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 2018 the Board considered the percentage of likelihood of achieving the performance milestone as indicated in the table and it is based on Company's assessment against the performance condition.

For further information on the performance conditions refer to the page 32 of the Remuneration Report.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

35. SHARE BASED PAYMENTS (cont...)

The following table lists the inputs used for determination of the fair value of the performance rights granted during the 2018 financial year:

| | |
|---|------------------|
| Grant Date | 14 November 2017 |
| Underlying security spot price, \$ ⁽ⁱ⁾ | 0.049 |
| Exercise price | nil |
| Dividend rate ⁽ⁱⁱ⁾ | nil |
| Stock volatility ⁽ⁱⁱⁱ⁾ | 91.12% |
| Risk free rate ^(iv) | 2.57% |
| Valuation date ^(v) | 14 November 2017 |

(i) The underlying security spot price used for the purposes of this valuation is the closing price on the date of grant.

(ii) For the purposes of this valuation it is assumed that the company's share price is "ex-dividend".

(iii) The AEV stock volatility is based on historical data.

(iv) 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.

(v) The valuation date is the date of grant of the performance rights.

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 and equity for the period:

| | 2018 \$ | 2017 \$ |
|--|---------------|----------------|
| Other option-based payments | - | - |
| Employee benefit expense – performance rights | 60,918 | 224,075 |
| Employee benefit expense – shares ⁽ⁱ⁾ | - | 20,000 |
| Total for the year | 60,918 | 244,075 |

(i) The Managing Director, Mr Louis Calvarin, received ordinary fully paid shares to the value of \$20,000 as a sign on bonus of shares following shareholder approval for this issue of shares at its November 2017 Annual General Meeting. The shares were issued at \$0.053 per share, being the volume weighted average market price of the fully paid ordinary shares of the Company over the thirty trading days immediately preceding the date of the meeting to approve the issue.

(d) Other share based payments

In March 2017, the Company entered into an agreement with Agromine Suarl, where the Company may defer payment of a portion of Agromine's April – July 2017 monthly invoices, up to a total of XOF 1,240,000,000 (US\$2 million) with the intent that the amount will be converted to shares in Avenira or its subsidiary BMCC. If not converted within six months the balance will be repaid in cash. Interest will only become payable on the loan if it is repaid in cash.

As at 30 June 2017, the Company has deferred a total of XOF640,487,956 (A\$1.5 million) in relation to April – June 2017 invoices. Because it is the intention to convert the balance to equity, the deferred amount has been recorded within the share-based payment reserve in equity at 30 June 2017.

In November 2017 the Company repaid the outstanding deferred payment amount plus interest. Therefore, the amount of XOF640,487,956 (A\$1.5 million) included in share-based payment reserve in equity at 30 June 2017 was reversed.

Key estimates and assumptions

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 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2018 (cont...)

36. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Avenir Limited, at 30 June 2018. The information presented here has been prepared using accounting policies consistent with Group accounting policies.

| | 2018 \$ | 2017 \$ |
|--|--------------------|---------------------|
| (a) Financial position | | |
| Assets | | |
| Current assets | 3,653,532 | 5,974,820 |
| Non-current assets | 48,957,431 | 37,475,009 |
| Total assets | 52,610,963 | 43,449,829 |
| Liabilities | | |
| Current liabilities | 888,363 | 1,916,564 |
| Non-current liabilities | - | 4,718 |
| Total liabilities | 888,363 | 1,921,282 |
| Net Asset Position | 51,722,600 | 41,528,547 |
| Equity | | |
| Contributed equity | 139,480,390 | 125,037,889 |
| Reserves: | | |
| - Share based payments | 16,619,677 | 16,619,677 |
| - Performance rights | 695,159 | 583,616 |
| - Available-for-sale financial assets | 15,610 | 15,610 |
| Accumulated losses | (105,088,236) | (100,728,245) |
| Total equity | 51,722,600 | 41,528,547 |
| (b) Financial performance | | |
| Loss for the year | (9,109,064) | (21,635,375) |
| Other comprehensive income | - | 15,610 |
| Total comprehensive loss for the year | (9,109,064) | (21,619,765) |

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

The parent entity does not have any contingent liabilities at 30 June 2018.

(b) 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.

DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements and notes set out on pages 38 to 95 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of their performance for the financial year ended on that date;
2. In their opinion, subject to achieving the matters set out in Note 1 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
3. 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.



LOUIS CALVARIN

Managing Director

Perth, 28 September 2018

Independent auditor's report to the Members of Avenira Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Avenira Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment assessment of Baobab non-current assets

Why significant

The Group’s Baobab Cash Generating Unit (“CGU”), which includes property, plant and equipment, capitalised exploration and evaluation expenditure and capitalised mine development, is required to be tested for impairment at each reporting date in accordance with the Group’s accounting policies.

At 30 June 2018, the Baobab CGU was tested for impairment and the CGU’s recoverable amount was determined based on an independent expert valuation. As disclosed in note 15 to the financial report, the independent expert valuation incorporated primary inputs that were not directly market observable, and contained a degree of subjectivity. Management also applied judgement in selecting the point in the range provided by the independent expert that was considered to best represent fair value from a market participant’s perspective at 30 June 2018. Accordingly, this was considered to be a key audit matter.

The results of the Group’s impairment testing and resulting impairment charge are disclosed in note 15 to the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed whether all indicators of impairment had been identified.
- ▶ Assessed whether all appropriate assets and liabilities were included in the CGU carrying value.
- ▶ Evaluated the competency and objectivity of experts who produced the reserve and resource statements underlying the impairment assessment by considering their professional qualifications and expertise.
- ▶ Assessed the accuracy and completeness of the resource estimates used to estimate the recoverable amount of the Baobab CGU by comparing them to the Group’s latest published resource estimates.
- ▶ Involved our valuation specialists to provide input on key assumptions made by the independent experts in arriving at their preferred valuation.
- ▶ Assessed whether the disclosure in Note 15 to the financial statements was accurate and complete, in accordance with the applicable Australian Accounting Standards.

2. Carrying value of Wonarah exploration and evaluation expenditure

Why significant

The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable.

As disclosed in Note 14 to the financial statements, the Group determined there were indicators of impairment in relation to its Wonarah project at 30 June 2018 and performed an impairment test. In determining a recoverable amount for the Wonarah project, the Group relied upon an independent expert valuation for which the primary inputs were not directly market observable, and contained a degree of subjectivity. Accordingly, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements.
- ▶ Evaluated the competency and objectivity of experts who prepared an independent valuation of the resources contained in the Wonarah area of interest, by considering their professional qualifications and expertise.
- ▶ Assessed the accuracy and completeness of the resource estimates used to estimate the recoverable amount of the exploration and evaluation assets with respect to the Wonarah area of interest by comparing them to the Group's latest published resource estimates.
- ▶ Involved our valuation specialists to provide input on key assumptions made by the independent experts in arriving at their preferred valuation.
- ▶ Assessed whether the disclosure in Note 14 to the financial statements was accurate and complete, in accordance with the applicable Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Avenir Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Ernst & Young



Gavin Buckingham

Partner

Perth

28 September 2018

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 14 September 2018.

(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 | 362 | 73,175 |
| 1,001 – 5,000 | 666 | 2,357,005 |
| 5,001 – 10,000 | 773 | 6,237,799 |
| 10,001 – 100,000 | 1,644 | 56,221,425 |
| 100,001 and over | 437 | 891,013,839 |
| | 3,882 | 955,903,243 |
| The number of equity security holders holding less than a marketable parcel of securities are: | 2,650 | 23,547,027 |

(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 HSBC CUSTODY NOMINEES <AUSTRALIA> ¹ | 199,012,078 | 20.82 |
| 2 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED ² | 194,730,260 | 20.37 |
| 3 AGRIFIELDS DMCC | 118,428,509 | 12.39 |
| 4 J P MORGAN NOMINEES AUSTRALIA LIMITED | 54,083,129 | 5.66 |
| 5 MRS VINEETA GUPTA | 20,733,821 | 2.17 |
| 6 SOLVOCHEM HOLDINGS LTD | 15,584,951 | 1.63 |
| 7 MR GIOVANNI DEL CONTE | 14,849,612 | 1.55 |
| 8 SOCIETE DE POLYSERVE POUR LES ENGRAIS ET PRODUITS CHIMIQUES SA | 14,703,962 | 1.54 |
| 9 VULCAN PHOSPHATES LLC | 14,000,000 | 1.46 |
| 10 CITICORP NOMINEES PTY LIMITED | 11,261,029 | 1.18 |
| 11 ZERO NOMINEES PTY LTD | 7,500,000 | 0.78 |
| 12 MR BRETT WILMOTT <WILMOTT SUPER FUND A/C> | 7,153,567 | 0.75 |
| 13 MR PAUL WINSTON ASKINS | 6,103,117 | 0.64 |
| 14 MS KAREN THOMAS | 3,997,920 | 0.42 |
| 15 MR GREGORY BRUCE HILL | 3,600,000 | 0.38 |
| 16 MR MANAR BA | 3,210,393 | 0.34 |
| 17 DJ CARMICHAEL PTY LTD | 3,142,500 | 0.33 |
| 18 BIGA NOMINEES PTY LTD <EXECUTIVE SUPER FUND A/C> | 2,997,535 | 0.31 |
| 19 ANDREW DRUMMOND & ASSOCIATES PTY LTD <ADATWO A/C> | 2,700,000 | 0.28 |
| 20 W & K ASSOCIATES PTY LTD | 2,620,153 | 0.27 |
| Total top 20 | 700,412,536 | 73.27 |
| Other | 255,490,707 | 26.73 |
| Total ordinary shares on issue as at 14 September 2018 | 955,903,243 | 100.00 |

¹ Beneficial owner of 193,194,804 fully paid shares

² Beneficial owner of 192,250,000 fully paid shares

(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 ¹ | 193,194,808 |
| Tablo Corporation ¹ | 192,250,000 |
| Agrifields DMCC | 118,428,509 |
| J P Morgan Nominees Australia Limited | 51,886,509 |

¹ Beneficial owner of 193,194,804 fully paid shares

² Beneficial owner of 192,250,000 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 |
| Central Wonarah, Northern Territory | EL31477 | 100 |
| Baobab, Senegal | 014015/MIM/DMG | 80 |
| Gadde Bissik Senegal ⁽¹⁾ | 09810/MIM/DMG | 80 |

Note:

- (1) The Company's mining operations continue to operate under the Small Mine Permit whilst the Company's Exploitation Permit application is going through the Government approval process.

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