



ANNUAL REPORT

2019

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CORPORATE INFORMATION

ABN 48 116 296 541

DIRECTORS

Brett Clark

(Independent Non-executive Chairman)

Louis Calvarin

(Executive Director)

Timothy Cotton

(Non-executive Director)

COMPANY SECRETARY

Graeme Smith

REGISTERED OFFICE

Level 2, 8 Broadway

Crawley WA 6009

PRINCIPAL PLACE OF BUSINESS

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Crawley WA 6009

SOLICITORS

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Perth, WA 6000

BANKERS

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West Perth, WA 6005

SHARE REGISTER

Computershare Investor Services Pty Limited

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Perth, WA 6000

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AUDITORS

Ernst & Young

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Perth, WA 6000

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STOCK EXCHANGE LISTING

Avenira Limited shares are listed on the:

Australian Securities Exchange (Code: AEV)

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 2019.

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*)

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

Nil

Former Listed Company Directorships in the last 3 years

Non-Executive Director of Surefire Resources 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

Non-Executive Director of Nelson Resources Limited from July 2016 to January 2019

Non-Executive Director of Great Lakes Graphite Corp from November 2017 to July 2019

Special Responsibilities

Chairman of the Remuneration and Nomination Committee

Dr. Louis Calvarin, PhD (Process Engineering), (*Executive Director - resigned as Managing Director and Chief Executive Officer on 30 June 2019*)

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

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 Avenirra and in Novaphos, Inc. Mr. Cotton began his career in the merchant banking department of Kidder, Peabody & Co., later becoming a Vice President at Lepercq, de Neuflyze & 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

Dr. Christopher Pointon, B.Sc. (Hons), PhD (Geology), FGS, MIMMM, (Non-Executive Director – resigned 31 December 2018)

Ian McCubbing, B. Comm (Hons), MBA(Ex), CA, GAICD (Non-Executive Director - resigned 31 January 2019)

Farouk Chaouni, MBA, (Non-Executive Director- resigned 28 June 2019)

David Mimran (Non-Executive Director - resigned 28 June 2019)

COMPANY SECRETARY

Graeme Smith (Appointed 26 August 2019)

Mr Smith is the principal of Wembley Corporate Services which provide corporate secretarial, CFO and governance services. Mr Smith has over 25 years' experience in company secretarial work. Mr Smith is a non-executive director of Anglo Australian Resources NL.

John Ribbons, B. Bus., CPA, ACIS (Resigned 26 August 2019)

Rod Wheatley, B. Bus., CPA (Resigned 26 August 2019)

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 Avenirra Limited were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	RIGHTS OVER ORDINARY SHARES
Brett Clark	-	-	-
Louis Calvarin	2,402,358	-	-
Timothy Cotton ⁽ⁱ⁾	240,528,141	-	-

⁽ⁱ⁾Mr Timothy Cotton holds shares through related parties, Baobab Partners LLC and Vulcan Phosphates LLC.

PRINCIPAL ACTIVITIES

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

On 28 June 2019 the Company executed an agreement to sell or assign all its rights and interests in the following assets:

- Baobab Fertilizer Africa (BFA) (the wholly owned subsidiary which holds Avenira's interests in the Baobab Phosphate Project) and the associated Baobab Intellectual Property and Other Information;
- Avenira's 7% equity interest in Novaphos Inc. (Novaphos) (previously JDCPhosphate Inc.), and associated loans and accrued interest (other than the existing Australian Licence Agreement as outlined below). Novaphos owns a proprietary phosphate technology, the Improved Hard Process (IHP).
- The intercompany loan between Avenira and BMCC; and
- The intercompany loan between Avenira and BFA.

CONSOLIDATED RESULTS

	YEAR END 30 JUNE 2019 \$	YEAR END 30 JUNE 2018 \$
Consolidated (loss) before income tax expense from continuing operations	(3,084,624)	(3,225,309)
Income tax benefit	-	-
LOSS FOR THE YEAR	(3,084,624)	(3,225,309)

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 SALE

On 1 July 2019 the Company announced under an agreement executed 28 June 2019 (Transaction Agreement) it has agreed to sell or assign all its rights and interests in the following assets to the Purchasers:

- Baobab Fertilizer Africa (BFA) (the wholly owned subsidiary which holds Avenira's interests in the Baobab Phosphate Project) and the associated Baobab Intellectual Property and Other Information;
- Novaphos (other than the existing Australian Licence Agreement as outlined below);
- The intercompany loan between Avenira and BMCC; and the intercompany loan between Avenira and BFA.

Avenira shareholders will have an opportunity to vote on the Transaction and capital reduction at the shareholder meeting on 14 October 2019. Subject to meeting all of the condition's precedent, the Transaction is likely to complete shortly after the shareholder meeting.

BAOBAB PHOSPHATE PROJECT (80% OWNED)

REDEVELOPMENT PROJECT

During the 2019 year, Avenira announced the completion of the Feasibility Study ('FS', 'Feasibility Study' or the 'Study') (Class 4 estimate) for the redevelopment of its 80%-owned Baobab Phosphate Project ('Project') in the Republic of Senegal to a projected high-grade phosphate rock mine with a concentrate product capacity of 1 Mtpa. The FS confirms the technical and financial robustness of a long-life operation for the Company's Baobab Phosphate Project.

This Feasibility Study is classified as an AACE Class 4 estimate with a $\pm 20\%$ estimated accuracy. The "Bankable" or "Definitive" Feasibility Study ('BFS') phase intended to follow will target an AACE Class 3 estimate with a $\pm 10\%$ accuracy.

The FS is based on an open-pit strip-mining design and conventional flotation and magnetic separation ore processing plant operating at an ore throughput of 2.9Mtpa and a phosphate rock concentrate post ramp-up production rate of 1Mtpa. It determined that the Project's Probable Ore Reserve is 39.3Mt at 18.9% P₂O₅.

The Study indicates a technically sound and financially robust project, delivering post-tax unlevered NPV_{8%} of US\$212M and IRR of 25.5% over a 13.4-year mine life based on the Project's Indicated Resource.

Finalisation of the FS represents a key milestone in the evolution of the Project. The Company intends to initiate the BFS phase (Class 3 estimate) once the final project configuration has been confirmed as part of a planned value-engineering study and BFS funding has been secured. Concurrently, the Company intends to undertake more advanced and detailed discussions with potential funding parties.

KEY PROJECT METRICS

Life of Mine Physical Parameters	Units	Value
Life of Mine (from Probable Reserve)	Years	13.4
Ore tonnes Mined	Mt	39.3
Total phosphate rock production	Mt	13.2
LOM Average P ₂ O ₅ recovery	%	65

Table 1: Production Parameters

Life of Mine Financial Outcomes	Units	Value
Baobab Phosphate Rock Concentrate FOB Dakar Price (LOM range)	US\$/t	138 - 164
Total Revenue	US\$M	1,997
EBITDA	US\$M	1,020
NPV _{8%} (unlevered, pre-tax)	US\$M	306
IRR (unlevered, pre-tax)	%	29.4
NPV _{8%} (unlevered, post-tax)	US\$M	212
IRR (unlevered, post-tax)	%	25.5
Free cash flow (post all capital expenditures and tax)	US\$M	544
Pre-production Capital Expenditure	US\$M	183.1
Post-Commissioning Sustaining Capital Expenditure	US\$M	61.2
Mobile Equipment Costs included in Pre-production and Sustaining Capital Expenditures	US\$M	59.3
Payback from First Production	Years	3.3
Payback from Start of Detailed Engineering	Years	5.3

Table 2: Key Financial Outcomes

The key assumptions in the economic evaluation of the project include no terminal value and no inflation plus the assumptions outlined in Table 3.

Financial Assumptions	Unit	Value
Discount Rate (real basis)	%	8.0%
Senegal Government Royalty	%	5.0%
Private royalties	%	3.5%
Corporate tax rate	%	30%

Table 3: Key Financial Model Assumptions

The Project is 100%-owned by BMCC, itself 80%-owned by Avenir. As part of the post-Exploitation Permit award restructuring, the government of Senegal will be awarded 10% free-carried interest in the Project and BMCC's ownership will thereby be reduced to 90%, thus reducing Avenir's ownership to 72%: Avenir's share of Project returns will therefore be 72% of the corresponding total Project amounts.

Unless otherwise stated, all financial numbers are in US\$ and are based on 100% of the Project. All tonne ('t') references are to dry metric tonnes. Base date for estimated capital expenditures is August 1, 2018.

Component	P ₂ O ₅	SiO ₂	Fe ₂ O ₃	Al ₂ O ₃	MgO	CaO/P ₂ O ₅
Baobab Phosphate Rock Concentrate	36.4%	8.7%	1.2%	0.8%	0.1%	1.38

Table 4: Projected Typical Analysis, Gadde Bissik Phosphate Rock Concentrate

TENURE

Avenir was granted an Exploitation Permit (Permit) by Presidential Decree dated 27 September 2018 and notified to Baobab Mining & Chemicals Corporation SA ('BMCC'), Avenir's 80%-owned subsidiary, on 17 October 2018. The Permit covers an area of 75 km² around the former Gadde Bissik Small Mine Permit (SMP) and is valid for an initial renewable term of 20 years. Following the restructure triggered by this Permit grant, the Senegalese Government will hold a 10% free-carried interest in the operating entity that holds the Permit.

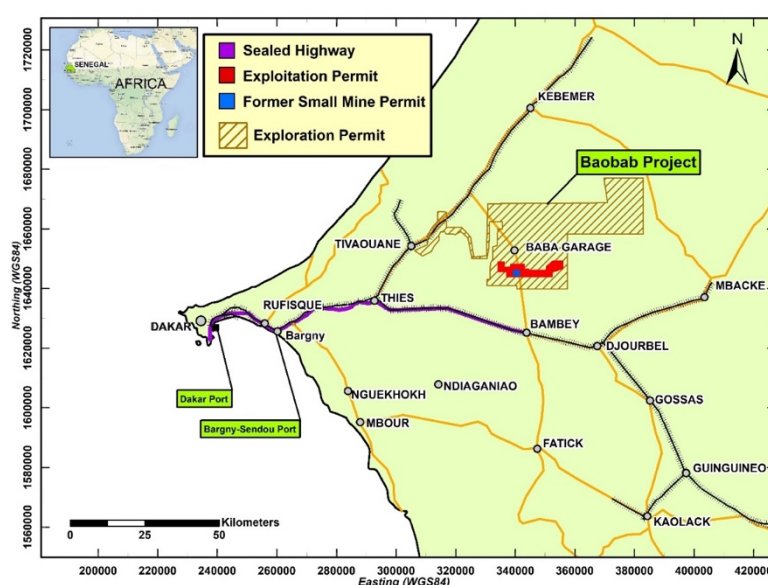


Figure 1: Location of Baobab Phosphate Project

GEOLOGY & RESOURCE ESTIMATION

The Exploration Permit covers an area of 1,163 km² around the Exploitation Permit. The Indicated Mineral Resource within the Exploitation Permit area is estimated at 41.8Mt at 19.4% P₂O₅ at a cut-off grade of 10% P₂O₅, and the Inferred Mineral Resource within this same area is estimated at 247 Mt at 16% P₂O₅ at a cut-off

grade of 10% P₂O₅, both taking into account depletion by mining to date (see Table 5) and rounded to reflect the precision of estimates and therefore including rounding errors. The Mineral Resource estimates are inclusive of Ore Reserves.

Area	Deposit	Classification	Mt	P ₂ O ₅ %	CaO %	MgO %	Al ₂ O ₃ %	Fe ₂ O ₃ %	SiO ₂ %
Within Exploitation Permit	Gadde Bissik East	Indicated	41.8	19.4	26.8	0.08	2.23	3.87	44.0
		Inferred	136	16	22	0.17	3.4	4.0	51
	Gandal Gadde Escale	Inferred Inferred	31 80	15 16	21 23	0.10 0.15	4.3 2.4	7.9 3.0	46 52
	Subtotal within Exploitation Permit	Indicated Inferred	41.8 247	19.4 16	26.8 22	0.08 0.16	2.23 3.2	3.87 4.1	44.0 50
Outside Exploitation Permit	Gadde Bissik East	Indicated	0.3	16.4	22.3	0.17	3.96	3.76	48.7
		Inferred	9	16	22	0.19	4.2	3.3	50
	Gadde Bissik West	Inferred	26	13	17	0.35	6.7	7.0	48
	Gandal Gadde Escale	Inferred Inferred	1 2	14 15	19 21	0.06 0.32	2.5 2.9	6.9 4.6	54 51
	Dinguiraye	Inferred	35	17	25	0.24	3.4	3.7	46
	Subtotal outside Exploitation Permit	Indicated Inferred	0.3 73	16.4 15	22.3 21	0.17 0.27	3.96 4.7	3.76 4.9	48.7 48
Total Resource		Indicated Inferred	42.1 320	19.4 16	26.8 22	0.08 0.18	2.24 3.5	3.87 4.3	44.0 50

Table 5: Gadde Bissik Mineral Resource Estimates at 10% P₂O₅ Cut-off Grade

The estimated Indicated Mineral Resource and estimated Inferred Mineral Resource within the Exploitation Permit area represent 99% of the total estimated Indicated Mineral Resource and 77% of the total estimated Inferred Mineral Resource, respectively, within the Company's Baobab Project Cherif Lo-Ngakham Exploration Permit as identified in the Company's most recent Mineral Resource estimates.

MINING

The Company engaged Wood PLC to complete a mining study on the Project as part of the FS. Mining will be open pit and free-digging within a sedimentary type deposit, eliminating the need for costly drill and blast operations.

The results of a trade-off study indicate that a strip-mining method using dozers for the movement of overburden material and a combination of excavators and 8 x 4 trucks for ore mining is the most cost effective, feasible combination for the extraction of the ore at the Gadde Bissik deposit.

Pit optimisation studies confirmed the development of a strip-mining sequence that, in addition to facilitating access to higher grade ore in the early stages of the mine plan, also minimises mine development costs by using the existing open pit for access.

Mine planning dictates that two strips be operational at the same time (utilising two excavators), targeting the production of about 2.9Mtpa of ore to achieve an output of 1Mtpa of phosphate concentrate. The mine plan extends to year 13.4 incorporating only Indicated Mineral Resources.

The mining plan calls for 307.2Mt of overburden waste material to be dozer-pushed to give access to the 39.3Mt of ore to be extracted over the projected Indicated Resource mine life of about 13.4 years, adding up to a LOM-average stripping ratio of 7.8.

ORE RESERVE

Wood PLC reported the maiden Ore Reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, JORC Code 2012.

Reserves were estimated from the block model after mining dilution, based on pit-optimisation run at a variable cut-off, using a minimum, pre-royalties, 34.7% P₂O₅ concentrate product price of 97.561 €/t (120 US\$/t at 1.23 US\$:€), ore recoveries as advised by the metallurgical test work and software simulations, and estimated mining, processing, logistics and overhead costs.

Ore Reserves for the deposit total 39.3 Mt grading 18.9% P₂O₅, based on an estimated Indicated Mineral Resource of 41.8 Mt at 19.4% P₂O₅ within the Permit area. The full amount of reserves has been classified as Probable Reserves as they derive exclusively from Indicated Resources.

A tabulation of the Ore Reserve categories based on the mine planning sequence proposed for the Indicated Mineral Resource of the deposit is presented in Table 6 below.

Reserves	Ore (kt)	P ₂ O ₅ Grade (%)	P ₂ O ₅ Content (kt)	Al ₂ O ₃ (%)	CaO (%)	Fe ₂ O ₃ (%)	MgO (%)	SiO ₂ (%)	CaO/P ₂ O ₅
Proved	-	-	-	-	-	-	-	-	-
Probable	39,305	18.9	7,446	2.1	26.1	3.7	0.1	43.2	1.38
Total	39,305	18.9	7,446	2.1	26.1	3.7	0.1	43.2	1.38

Table 6: Ore Reserves for Baobab Exploitation Permit Mining Lease

All of the Indicated Mineral Resource that forms part of the tonnage that is Ore Reserves in Table 6 above is within the Exploitation Permit, which includes the entire area of mining considered in this Study.

After mining losses and dilution, 39.3 Mt of ore at an average grade of 18.9% P₂O₅ are projected to be mined and hauled to the primary crusher feedbin for processing over 13.4 years of mining within the Indicated Mineral Resource area of the Permit.

PROCESS & METALLURGY

The process plant is designed to separate clay, silica, iron and other minor gangue minerals present in the ore from the phosphate containing minerals to achieve a phosphate concentrate with maximum assays of 8% SiO₂ and 1% Fe₂O₃. The plant design target is to produce ~1Mtpa of concentrate by varying the feed tonnage within the design allowance parameters.

Process Description

The process plant receives ore from the mining area via mine trucks. Ore is crushed in a three-stage crushing circuit, with the tertiary stage in closed circuit with a screen, to produce a beneficiation circuit feed of -20 mm. Material from the crushed ore stockpile is fed at a controlled rate to the rod mill closed-circuit screen (cutting at 2mm). The screen undersize (-2 mm) is then split into a pebble fraction (+850 μm) sent to magnetic separation and a fines fraction (-850 μm) delivered to the flotation feed preparation circuit. The reverse flotation circuit is a staged rougher flotation configuration, with the sinks (concentrate) combining with the pebble

fraction for iron removal in the magnetic separation circuit. The final concentrate is dewatered in 3 stage: thickening followed by horizontal vacuum belt filtration and by rotary drying targeting a $\pm 3\%$ moisture content. The dry concentrate is stored on a covered stockpile and then loaded into trucks.

The slimes fraction is dewatered in a thickener prior to disposal. Flotation circuit floats (silica tailings) and magnetics are delivered to a separate "Sand" facility (utilising cyclones for initial dewatering). The cyclones overflow is delivered to a clarifier and the underflow combined with the slimes thickener underflow. The overflows from the thickeners and the clarifier are recycled as process water. Other water, air and reagent services are included as part of the process plant design.

The process mass and water balances were completed using Metsim® software. The basis for the Metsim model was completed by Project Simulation Consulting.

With 39.3 Mt of ore at 18.9% P_2O_5 , which corresponds to 7.446 Mt P_2O_5 , projected to be processed over the Ore Reserve LOM, and 13.2 Mt of phosphate rock concentrate at 36.4% P_2O_5 , which corresponds to 4.8 Mt P_2O_5 , produced over the period, overall average projected processing recovery stands at 65%.

TAILINGS MANAGEMENT

Fines (slimes) residue and coarse tailings (sand) will be separately discharged to two separate dedicated storage areas. After the first year, tailings will be delivered as backfill to the mining pit area. The tailings deposition strategy minimises both initial capital and sustaining capital costs and also facilitate the implementation of the closure strategy.

To achieve these objectives a combination of surface and "in-pit" disposal will be implemented. Year 1, slimes will be discharged via open-end/spigots in a purpose-built 'surface' Slimes Residue Storage Facility ('SRSF'), located west of the Processing Plant area and coarse tailings (sand) will be discharged via a cyclone system into a dedicated 'surface' Tailings Storage Facility (TSF) confined by 1 m-high confining and flow-control berms, located south of the SRSF. Years 2 and 3, slimes will continue to be discharged via open-end/spigots into the SRSF and coarse tailings (sand) will be discharged via cyclone into the mined-out (inactive haul road) area. From year 4 onwards, slimes and coarse tailings (sand) will both be discharged into the mined-out area.

SITE, INFRASTRUCTURE & ENGINEERING DESIGN

Infrastructure items which have been catered for in both the design and estimate include bulk earthworks and terracing, re-routed 7.2 km long and 8 m wide access road, and overhead power line, ponds, buildings and workshops, sewage and fencing. There are few site selection, layout or infrastructure constraints.

Grid power is available in adequate quantities by accessing the 90 kV HT national distribution grid operated by Senelec at the Mékhé transformer station approximately 30 km from site, and this is the power supply option selected for this Study, with the estimated cost to build a 30 km-long HT connection line included in the Project's capital expenditures.

DIRECTORS' REPORT

CAPITAL ESTIMATE

The total capital cost estimated to achieve the defined scope of work for mining, process plant, infrastructure and TSF for the Baobab Phosphate Project is US\$183.1M, excluding allowance for traditional Owners Cost (such costs, as estimated, are factored in the Project's financial model).

A summary of the capital cost estimate by major area is presented in Table 7. The base date of the estimate is 1 August 2018 and the currency of the estimate is US\$.

Description	Capital Expenditure (US\$M)
Mine Development	5.0
Tailings Storage Facility	10.4
Site and Port Infrastructure & Bulk Earthworks	15.8
Process Plant	79.8
Total Direct Field Costs	111.0
Total Indirect Field Costs	14.4
Total Net Cost	125.4
Total Contingency & Other Costs	24.7
Overhead Power Supply & Reticulation	8.9
Mining & Other Mobile Equipment	19.2
Site Establishment, Eq. Relocation, First Fills & Spares	4.9
Total Pre-Production Project Capital Expenditure	183.1

Table 7: Feasibility Study Pre-Production Capital Cost Estimate for Baobab Phosphate Project

A post-production capital amount of US\$61M has been estimated and includes sustaining mining and processing capital, further mine development costs, relocation costs and rehabilitation costs. Mobile equipment purchases account for US\$59.3M of the total LOM US\$244M capital expenditures.

The capital cost estimate was developed within a level of accuracy of $\pm 20\%$ (AACE Class 4). It must be noted that certain components of the capital cost estimate were developed to an accuracy level of $\pm 10\%$ (AACE Class 3). These components are:

- Mining Fleet.
- TSF, namely the SRSF and the Coarse Sand TSF.

The inclusion of the Class 3 components in the capital cost estimate improves the overall confidence level of the capital cost estimate.

DIRECTORS' REPORT

Power supply by a contracted Independent Power Provider instead of connecting to and purchasing from the national power grid, leasing the mining and other mobile equipment instead of purchasing outright, as well as contract mining will be further reviewed during the upcoming engineering study phases as part of additional capital costs to operating costs trade-off studies.

OPERATING COST ESTIMATE

The direct operating costs include the mining operations, process plant, port area facilities and the TSF. The Project operating cost estimate is applicable for a process plant that will process ± 2.94 Mtpa of phosphate ore with a nominal grade of $\approx 19.4\%$ P_2O_5 , to produce 1 Mtpa of product.

The direct operating cost estimate was developed within a level of accuracy of $\pm 20\%$ (AACE Class 4).

Table 8 summarises the direct operating costs by cost centre of the Project, per ton of 36.4% P_2O_5 Phosphate Rock Concentrate product.

Royalty fees, in-country administration overhead costs and social & institutional support expenditures are not included in direct operating costs listed in Table 8.

Direct Operating Costs, US\$/t Rock Concentrate	
Mining	\$20.9
Labour	\$2.1
Reagents, Materials, Consumables & Miscellaneous	\$4.3
Power	\$5.5
HFO	\$8.0
Concentrate Transport & Port Handling	\$15.4
Total	\$56.2

Table 8: Project Direct Operating Costs Summary per Cost Centre

MARKETING

Projected Baobab phosphate rock concentrate prices have been estimated by industry consultant CRU for Baobab's premium product. CRU's pricing model refers to industry standard reference Moroccan 32% P_2O_5 phosphate rock, corrected by three factors:

- Positive adjustment due to higher P_2O_5 content (proportional adjustment).
- Positive adjustment for lower $CaO \div P_2O_5$ ratio.
- Minor negative adjustment for MER ratio.

Events affecting the global phosphate rock supply-demand balance or adverse regulatory environment-driven changes could cause projected mid-term and long-term phosphate rock concentrate market prices to deviate from the estimated outlook as forecast by CRU, with potential impacts on the Project profitability.

LOGISTICS

The distance between mine gate and Port of Dakar is approximately 140 km on the existing road network. The new Dakar to Touba sealed toll highway, opened in Q1, 2019, runs east - west approximately 15 km south of the mine site and is expected to reduce rotation times to port.

Contracted covered single trailer rear-tipping trucks with typical capacity of approximately 50 t have been used under the mine's actual operations to ship product to the Port of Dakar and to the domestic customer and are forecasted to be used in the expanded operation contemplated in this Study.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Senegalese rules and regulations, as well as Equator principles, IFC Performance Standards for Environmental and Social Sustainability, and World Bank Group's Environmental, Health and Safety Directives have been incorporated into the existing Baobab Project. As confirmed in the Presidential decree awarding the Exploitation Permit to BMCC (Presidential decree n°2018-1840 dated 27 September 2018), BMCC holds a valid environmental license, fully compliant with the standards and rules enacted by the Senegalese environmental code, to run its operations in the expanded Exploitation Permit area. The Environmental, Social and Governance (ESG) management systems will be updated for the expanded scope of operations.

ADDITIONAL WORK

Further metallurgical test work will be required during BFS. This will include additional rod milling test-work for rod mill design, attrition test-work to specify attrition cells design, flotation locked-cycle tests, magnetic separation test-work (scavenger step on the combined pebble and flotation concentrate stream, and Fe range extension) for wider process guarantees, additional filtration test-work to confirm concentrate dewatering filters design and dryer feed moisture levels. Ore feed to the processing plant needs to be further characterised in terms of particle size distribution and associated chemical analysis by size fraction.

Additional work on the tailing storage facilities include physical characterisation of sand tailings and slimes tailings to confirm tailings density for detailed design, and geotechnical information (load bearing, ground conditions, etc.) needs to be confirmed for detailed foundations and terracing designs. TSF and SRSF permitting and regulatory requirements also need to be confirmed.

Other items that will need to be confirmed during the BFS include the projected cost to relocate the villages affected by the mining operation, the projected Owners Costs, including operational capability ramp-up costs, and the bulk power connection schedule. An IFC/Equator Principles gap analysis will better define any gaps that should be closed to fully meet such standards.

RISK MANAGEMENT

Key risks identified during the FS Phase of the Project include a project execution risk linked to delays in receiving ancillary permits and licenses and a projected mining cost risk linked to the possible existence of internal waste lenses smaller than the 125 m x 125 m drilling and sampling grid dimensions which, if they exist, would result in waste mining impacting the production schedule. Mining costs and schedule would also be materially impacted should any harder pockets of material requiring blasting be found, in particular in the ore zone. Additional risks also include potential findings relative to the additional metallurgical, geometallurgical (characterisation and mapping of variability of metallurgical test work samples) and geotechnical test work deviating from assessments to date, which could lead in particular to a revision of the comminution circuits or to higher or lower projected P₂O₅ recoveries and final phosphate rock concentrate grade.

While the Company has exported several full-vessel phosphate rock cargoes from the Port of Dakar during the Small Mine operation, thereby demonstrating truck and port logistics, and despite the projected additional export capability associated with the projected bulk port at Bargny-Sendou, port congestion could increase in the future, potentially burdening the Project with increased shipment costs due in particular to demurrage expenditures. Changing truck-freight or ocean-freight market conditions in the future could also result in spending on shipping logistics deviating from current projections.

VALUE-ENGINEERING

The pre-BFS value-engineering study will consider several capital expenditures vs. operating cost trade-off opportunities, including power supply by a contracted Independent Power Provider instead of connecting to and purchasing from the national power grid (removal of 30 km-long grid-connection HT line from projected Project capital expenditure) and leasing the mining and other mobile equipment instead of purchasing such equipment outright.

DIRECTORS' REPORT

The value-engineering study will also review in particular the general processing plant layout compactness, crushed-ore stockpiling requirements and stockpile design, comminution circuit and concentrate settling, filtration and drying schemes to identify potential streamlining and other capital cost-reduction options.

PROJECT IMPLEMENTATION

The current mining schedule covers a period of \pm 14 years, with initial mining development starting 8 months before delivery of first ore to the process plant.

MINING AND PROCESSING

Between June and September 2018, the company has been crushing and processing mined ore from the Run of Mine material onsite to stockpile small quantities of phosphate rock product to be sold to a local Senegalese major fertiliser producer. Post September 2018 crushing and processing activities during the period have been minimal as the Company has been monitoring commissioning and evaluation tests of a modified contracted crushing and screening operation.

SAFETY AND LOCAL COMMUNITY

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

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

Between June and September 2018, the company has been shipping small quantities of phosphate rock product to a local Senegalese major fertiliser producer.

OTHER

Senegal Tax audit

Following a tax audit BMCC has received a demand notice from the tax department for US\$1.6 million (including penalties) on outstanding VAT and WHT. On advice from the Company's tax advisors we believe the amount due is significantly lower as a result BMCC will submit an arbitration appeal request to the tax department. The appeal process is expected to take approximately six months.

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% OWNED)

SUMMARY

The 100% owned Wonarah Phosphate Project in the Northern Territory, 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)

During the period Wonarah was 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. The company intends to review the Wonarah Project once the sale of the Baobab Project is complete, including whether to commence a scoping study.

DIRECTORS' REPORT

ANNUAL MINERAL RESOURCE STATEMENT AS AT 30/06/19

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

Area	Deposit	Classification	Mt	P ₂ O ₅ %	CaO %	MgO %	Al ₂ O ₃ %	Fe ₂ O ₃ %	SiO ₂ %
Within Exploitation Permit	Gadde Bissik East	Indicated	41.8	19.4	26.8	0.08	2.23	3.87	44.0
		Inferred	136	16	22	0.17	3.4	4.0	51
	Gandal Gadde Escale	Inferred	31	15	21	0.10	4.3	7.9	46
		Inferred	80	16	23	0.15	2.4	3.0	52
	Subtotal within Exploitation Permit	Indicated	41.8	19.4	26.8	0.08	2.23	3.87	44.0
Outside Exploitation Permit	Gadde Bissik East	Inferred	9	16	22	0.19	4.2	3.3	50
		Gadde Bissik West	Inferred	26	13	17	0.35	6.7	7.0
	Gandal		Inferred	1	14	19	0.06	2.5	6.9
	Gadde Escale	Inferred	2	15	21	0.32	2.9	4.6	51
	Dinguiraye	Inferred	35	17	25	0.24	3.4	3.7	46
	Subtotal outside Exploitation Permit	Indicated	0.3	16.4	22.3	0.17	3.96	3.76	48.7
		Inferred	73	15	21	0.27	4.7	4.9	48
Total Resource		Indicated	42.1	19.4	26.8	0.08	2.24	3.87	44.0
		Inferred	320	16	22	0.18	3.5	4.3	50

Table 9: Mineral Resource Statement

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

NOVAPHOS INC. (PREVIOUSLY JDC PHOSPHATE INC.), FLORIDA (APPROX. 7% EQUITY)

If shareholder approval for the sale (Refer Section 1) is received, Avenira will dispose of its 7% equity interest in Novaphos Inc. and assign the associated loans and accrued interest outstanding. Novaphos owns a proprietary phosphate technology, the Improved Hard Process (IHP). Avenira will retain the right to utilize the Novaphos technology in Australia.

INVESTMENTS AND CORPORATE INFORMATION

BOARD/ AND EXECUTIVE CHANGES

In December 2018, Mr Charles Graham was appointed as Project Director to manage Avenira's Baobab 1Mtpa High-Grade Phosphate Rock Concentrate project, and to lead the Baobab Feasibility Study.

Former company chairman and Non-Executive Director Dr Christopher Pointon retired from the Board on 31 December 2018 and Non-Executive Director Mr Ian McCubbing retired from the Board on 31 January 2019.

Mr Louis Calvarin resigned as Managing Director and Chief Executive officer on 30 June 2019. He will continue as a non-executive director until the Transaction completes.

Non-Executive Directors Mr Farouk Chaouni and Mr David Mimran retired from the Board on 28 June 2019.

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.

August 2018 Placement

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 was completed in two tranches as follows:

- (i) 40,000,000 shares were 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 were issued, following shareholder approval at a general meeting of shareholders held on 20 September 2018 (Tranche 2 Shares) and receipt of A\$2 million on 8 October 2018.

Short term shareholder loans

On 15 March 2019 the Company entered into convertible loans (the 'Bridge Loans') with its three major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC (each a 'Lender').

The combined funding amount made available to Avenira by these three Bridge Loans is A\$1.25M (US\$0.9M), with the funds to be drawn down immediately.

The Bridge Loans have a 12-month maturity and accrue interest at 10%. Subject to Avenira obtaining shareholder approval, each Bridge Loan may be converted into fully-paid ordinary shares of Avenira (Shares) (a) at any time at the Lender's election at the 15 trading days volume weighted average ASX Share price ('15-day VWAP'), subject to a \$0.008 floor and a \$0.024 ceiling, or (b) at any time at Avenira's election with prior Lender's consent, or under certain conditions at Avenira's request during the final month before the Bridge Loan maturity date, at the 15-day VWAP, subject to a \$0.001 floor and \$0.024 Ceiling.

On the 15 May 2019, the Company's 80% subsidiary Baobab Mining and Chemicals Corporation ('BMCC') executed loan agreements ('Shareholder Loans') with the Company's three major shareholders Agrifos Partners LLC, Tablo Corporation and Agrifields DMCC (each a 'Lender') for US\$0.8M (approximately A\$1.1m)

The unsecured Shareholder Loans have been entered into on the following previously announced terms:

- Maturity: 30 September 2019 (or as extended by agreement between the parties – extended to 21 October 2019 on 27 September 2019)
- Interest: accrued at 10% per annum

DIRECTORS' REPORT

- Structure: the Shareholder Loans are between the Company's 80% subsidiary BMCC and the Lenders, to be drawn down in tranches over the coming weeks
- Other: Customary events of default, negative pledges and undertakings

As part of the sale transaction referred to above, an additional US\$1.8M (approximately A\$2.6M) in facilities was agreed with the major shareholders on identical terms, to the unsecured shareholder loans to achieve completion.

FINANCIAL REVIEW

FINANCIAL INFORMATION

At 30 June 2019, the total closing cash balance, including cash applicable to the discontinued operations was \$300,544 (2018: \$3,679,173). The Group has recorded an operating loss after income tax for the year ended 30 June 2019 of \$43,439,722 (2018: loss of \$6,175,977).

OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows

	2019	2019
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
	\$	\$
Revenue	63,973	696,477
Loss before tax	(3,084,624)	(40,355,098)

Shareholder Returns

	2019	2018
Basic loss per share from continuing operations (cents)	(0.30)	(0.42)
Basic loss per share from discontinued operations (cents)	(3.94)	(0.38)

IMPAIRMENT – BAOBAB PHOSPHATE PROJECT

On 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) in return for cash consideration and essential funding support (the 'Transaction').

During the year the carrying value of the Project was impaired by \$38.76 million. Refer Note 12.

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

On 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) in return for cash consideration and essential funding support (the 'Transaction').

DIRECTORS' REPORT

Under the Transaction:

- Avenira to receive cash consideration of US\$3.0M (A\$4.3M), and loan and director fees forgiveness of approximately US\$1.2M (A\$1.8M), for a total value of approximately US\$4.2M (A\$6.1M), using a A\$:US\$ 0.69 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.
- Pending completion of the sale ('Completion'), the Purchasers will provide loan funding of up to US\$1.8M to BMCC. (the Avenira subsidiary which holds the Baobab Project) and US\$ 300,000 to Avenira Limited. Of these facilities BMCC has drawn down US\$1.265M to date and Avenira has drawn down US\$300,000 to date.

Other than as disclosed above, no event has occurred since 30 June 2019 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group.

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

DIRECTORS' MEETINGS

During the year the number of meetings of directors (including meetings of committees of directors) and the number of meetings attended by each director were as follows:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION AND NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
Brett Clark	17	17	*	*	-	-
Louis Calvarin	17	17	*	*	*	*
Christopher Pointon	8	8	-	1	-	-
Ian McCubbing	8	9	1	1	-	-
Timothy Cotton	15	17	2	2	-	-
Farouk Chaouni	11	16	*	*	*	*
David Mimran	-	16	*	*	*	*

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 nil unissued ordinary shares in respect of which options are outstanding.

	NUMBER OF OPTIONS
Balance at the beginning of the year	80,000,000
Movements of share options during the year	
Expired on 24 September 2019 (\$0.25)	(80,000,000)
Total number of options outstanding as at the date of this report	Nil

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 \$125,780 (2018: \$132,000).

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 22 - Remuneration of Auditors, to the Consolidated Financial Statements on page 73.

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.

DIRECTORS' REPORT

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 33.

EXTENSION OF LEAD AUDIT PARTNER

On 27 June 2019, the Board granted approval pursuant to section 324DAC of the *Corporations Act 2001* ("the Act"), for Mr Gavin Buckingham of Ernst & Young to play a significant role in the audit of the Company for an additional two financial years ending 30 June 2021. The Board considered the matters set out in section 324DAB(3) of the Act and is satisfied that the approval:

- (i) is consistent with maintaining the quality of the audit provided to the Company; and
- (ii) would not give rise to a conflict of interest situation.

Reasons supporting this decision include:

- the benefits associated with the continued retention of knowledge regarding key audit matters;
- the Board being satisfied with the quality of Ernst & Young and Mr Buckingham's work as auditor; and
- the Company's on-going governance processes to ensure the independence of the auditor is maintained.

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

A. INTRODUCTION

The remuneration report for the year ended 30 June 2019 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 2019. Unless otherwise indicated, the individuals were KMP for the entire financial year.

NAME	POSITION	TERM AS KMP
Directors		
Brett Clark	Independent Non-executive Chairman	Full financial year
Christopher Pointon	Independent Non-executive Director	Resigned 31 December 2018
Ian McCubbing	Independent Non-executive Director	Resigned 31 January 2019
Timothy Cotton	Non-executive Director	Full financial Year
Farouk Chaouni	Non-executive Director	Resigned 28 June 2019
David Mimran	Non-executive Director	Resigned 28 June 2019
Louis Calvarin	Executive Director	Full financial Year (Resigned as Managing Director and CEO on 30 June 2019)
Other key management personnel		
Rod Wheatley	Chief Financial Officer and Company Secretary	Full financial year - resigned 30 August 2019

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.

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 20 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.

An independent remuneration consultant, Gerard Daniels, was appointed in October 2018 to review the Chief Executive Officer's total fixed remuneration.

DIRECTORS' REPORT

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 remuneration review was \$5,000 for the 2019 financial year. No other services were provided by Gerard Daniels during the 2019 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 Avenir 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 – 2018 Annual General Meeting (AGM)

The Company received 98% "Yes" votes cast on its Remuneration Report for the 2018 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 Avenir Limited has been designed to align executives' objectives with shareholders and business objectives. The Board of Avenir 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 objectives.

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

DIRECTORS' REPORT

2.1 LONG TERM INCENTIVE (LTI)

The Company has adopted an incentive plan comprising the Avenir 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 was approved for a further three years at the November 2018 AGM. 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. Performance Rights issued outside of the Plan to Directors are required to receive shareholder approval prior to their issue.

2.1.1 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

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%

Mr Calvarin ceased to be an eligible person on 30 June 2019, therefore the 5,000,000 unvested performance rights were cancelled on 30 June 2019.

Further information on Performance Rights on issue can be found on page 30 under the Share-based Compensation heading within the Remuneration Report

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.

2019 short term incentive

There were no short-term incentives in place during 2019 financial year.

In 2018, 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 \$93,130 was paid to the Managing Director, Mr. Louis Calvarin, during the 2018 financial year.

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 30 and 31 of the remuneration report.

DIRECTORS' REPORT

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

	2019	2018	2017	2016	2015
EPS (cents)	(0.30)	(0.42)*	(5.09)	(2.31)	(17.5)
Share Price	\$0.006	\$0.02	\$0.07	\$0.19	\$0.071
Net Profit / (Loss) before discontinued operations	(3,084,624)	3,225,309*	(30,579,063)	(9,464,695)	(43,018,117)

* 2018 Comparatives have been re-stated due to the re-classification of the discontinued operations, refer Note 12.

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

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

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

	SHORT-TERM			POST EMPLOYMENT SUPERANNUATION	LONG-TERM		TOTAL CASH RELATED	SHARE-BASED PAYMENTS		TOTAL REMUNERATION	PERFORMANCE RELATED
	SALARY & FEES	CASH BONUS	NON- MONETARY ⁽⁵⁾		LONG SERVICE LEAVE	ANNUAL LEAVE		PERFORMANCE RIGHTS ⁽⁶⁾	SHARES		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Directors											
Brett Clark ⁽⁷⁾											
2019	254,713	-	-	-	-	-	254,713	-	-	254,713	-
2018	49,839	-	-	-	-	-	49,839	-	-	49,839	-
Louis Calvarin ⁽¹⁾											
2019	450,000	-	96,402	-	-	-	546,402	(40,721)	-	505,681	(8%)
2018	450,000	93,130	68,684	-	-	-	611,814	40,721	50,625	703,160	26%
Christopher Pointon ⁽²⁾											
2019	30,000	-	-	-	-	-	30,000	-	-	30,000	-
2018	95,887	-	-	-	-	-	95,887	-	-	95,887	-
Ian McCubbing ^{(3) (4)}											
2019	37,291	-	-	3,543	-	-	40,833	-	-	40,833	-
2018	77,627	-	-	6,073	-	-	83,700	-	-	83,700	-
Timothy Cotton											
2019	60,000	-	-	-	-	-	60,000	-	-	60,000	-
2018	60,000	-	-	-	-	-	60,000	-	-	60,000	-
Farouk Chaouni ⁽⁸⁾											
2019	60,000	-	-	-	-	-	60,000	-	-	60,000	-
2018	60,000	-	-	-	-	-	60,000	-	-	60,000	-
David Mimran ⁽⁹⁾											
2019	60,000	-	-	-	-	-	60,000	-	-	60,000	-
2018	60,000	-	-	-	-	-	60,000	-	-	60,000	-
Subtotal Directors											
2019	952,003	-	96,402	3,543	-	-	1,051,948	(40,721)	-	1,011,227	
2018	853,353	93,130	68,684	6,073	-	-	1,021,240	40,721	50,625	1,112,586	
Other executive KPM											
Rod Wheatley											
2019	269,406	-	-	25,594	6,710	22,450	324,160	-	-	324,160	-
2018	269,406	-	-	25,594	14,552	-	309,552	5,898	-	315,450	2%
Total KMP compensation											
2019	1,221,410	-	96,402	25,594	6,710	22,450	1,376,108	(40,721)	-	1,335,387	
2018	1,122,759	93,130	68,684	31,667	14,552	-	1,330,792	46,619	50,625	1,428,036	

DIRECTORS' REPORT

- (1) Mr. Louis Calvarin resigned as Managing Director and Chief Executive Officer on 30 June 2019. Mr Calvarin continues as a Non-Executive Director.
- (2) Dr. Christopher Pinton resigned on 31 December 2018.
- (3) Mr. Ian McCubbing resigned on 31 January 2019.
- (4) The amount represents the total remuneration paid to Mr. Ian McCubbing and includes Nil (2018: \$13,700) of fees paid for advisory services provided during the year. Refer to Other Transactions and Balances with KMPs and Their Related Parties on page 29 for further details.
- (5) Non-monetary benefits include housing, car and medical insurance.
- (6) Share based payments in the 2019 and 2018 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 31 for further details.
- (7) The amount represents the total remuneration paid to Mr. Brett Clark and includes \$134,713 (2018: \$Nil) of fees paid for advisory services provided during the year. Refer to Other Transactions and Balances with KMPs and Their Related Parties on page 29 for further details.
- (8) Mr Farouk Chaouni resigned on 28 June 2019.
- (9) Mr David Mimran resigned on 28 June 2019.

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 2019 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>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.

DIRECTORS' REPORT

The table below summaries the Non-executive fees for the 2019 financial year:

	2019 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

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.

Accrued Director fees for Messrs Chaouni, Mimran and Cotton will be forgiven on completion of the transaction.

Termination payments

There were no termination payments paid to any Director or other KMP during the 2019 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 2019 there were no loans to KMP.

The Group received the following loans from KMP or their related parties during the 2019 financial year (2018: \$2,847,084):

2019

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⁾	-	554,960	40,268	-	-	(42,611)	-	674,709	717,319
Tablo Corporation ⁽ⁱⁱ⁾	-	1,248,0780	66,444	-	-	(71,432)	-	1,243,090	1,314,522
Mimran Natural Resources ⁽ⁱⁱ⁾	2,847,084	-	178,154	-	-	80,676	-	3,105,914	3,105,914

(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	30 September 2019 ⁱⁱ
Tablo Corporation	6.00%	unsecured	30 September 2019 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) On 27 September 2019, the Company obtain an extension to the maturity of the Shareholder Loans, extending the maturity date to 21 October 2019.

Full terms and conditions of the loans can be found at Note 17.

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 prior period. Total consultancy fees of Nil (2018: \$13,700) 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 27. The agreement had no fixed term and no termination notice period.
- (ii) In addition to his Non-executive Chairman fee, Mr. Clark was engaged to provide the Company strategic advisory services on a consulting basis during the period. Total consultancy fees of \$134,713 (2018: Nil) were charged by Mr Clark during the year. The total amount of fees is included in his Salary & Fees amount in the Details of Remuneration of KMP table on page27. The agreement had no fixed term and no termination notice

DIRECTORS' REPORT

period. At 30 June 2019, advisory fees paid to Mr. Clark impacted the Statement of Profit and Loss and Other Comprehensive Income with \$134,713 recognised in Administrative and Other Expenses. There was no impact on the 30 June 2019 Statement of Financial Position

- (iii) The Company owns approximately 7% of Novaphos, Inc (Novaphos) and has an exclusive licence to utilise the IHP technology. Former Aveniria Non-Executive Director Mr Chaouni and Director Mr Cotton are Directors of and have an equity interest in Novaphos.

G. SHARE-BASED COMPENSATION

In 2018, 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 24 for further details of the terms and conditions.

Mr Calvarin ceased to be an eligible person on the 30 June 2019, therefore the 5,000,000 unvested performance rights were cancelled on 30 June 2019.

The performance rights plan was approved initially by shareholders at the AGM meeting of the company in 2015, and subsequently at the AGM in 2018.

There were no other share-based payments issued to directors or other KMP during the 2019 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 %
2019										
Directors										
Louis Calvarin	14-Dec-17	5,000,000	30-Jun-20	30-Jun-22	\$0.049	nil	-	-	(5,000,000)	-

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 31 of the financial statements.

Value of Performance Rights held by KMP

	FAIR VALUE OF PR GRANTED DURING THE YEAR, \$	VALUE OF PR VESTED DURING THE YEAR, \$	VALUE OF PR LAPSED DURING THE YEAR, \$	VALUE OF PR FORFEITED DURING THE YEAR, \$ ⁽¹⁾	VALUE OF PR INCLUDED IN REMUNERATION REPORT FOR THE YEAR, \$	REMUNERATION CONSISTING OF PR FOR THE YEAR, %
2019						
Other Executive KMP						
Louis Calvarin	-	-	-	(\$40,721)	(\$40,721)	(8%)

- (1) Mr Calvarin resigned as Managing director and Chief Executive Officer on 30 Jun 2019, therefore his 5,000,000 unvested performance rights were forfeited resulting in a reversal of the previous year's accrual. The above amount is recognised as an expense reversal in the statement of profit and loss for the period ended 30 June 2019. Please refer to Note 31 for further details.

DIRECTORS' REPORT

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 Avenir 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
2019								
Directors								
Louis Calvarin	5,000,000	-	-	-	(5,000,000) ⁽¹⁾	-	-	-
Brett Clark	-	-	-	-	-	-	-	-
Ian McCubbing	-	-	-	-	-	-	-	-
Timothy Cotton	-	-	-	-	-	-	-	-
Farouk Chaouni	-	-	-	-	-	-	-	-
David Mimran	-	-	-	-	-	-	-	-
Christopher Pointon	-	-	-	-	-	-	-	-
Other Executive KMP								
Rod Wheatley	-	-	-	-	-	-	-	-

(1) Mr Calvarin's performance rights were cancelled on 30 June 2019.

Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Avenir 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
2019								
Directors								
Louis Calvarin	-	-	-	-	-	-	-	-
Brett Clark	-	-	-	-	-	-	-	-
Ian McCubbing	-	-	-	-	-	-	-	-
Timothy Cotton ⁽¹⁾	56,000,000	-	-	-	-	56,000,000	56,000,000	-
Farouk Chaouni ⁽¹⁾	56,000,000	-	-	-	-	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.

All vested options were exercisable at the end of the year. Options were exercisable at \$0.25 and expired on 24 September 2019.

DIRECTORS' REPORT

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
2019					
Directors					
Louis Calvarin	377,358	-	2,025,000	-	2,402,358
Brett Clark	-	-	-	-	-
Ian McCubbing	580,000	-	-	(580,000) ⁽³⁾	-
Timothy Cotton	207,194,808	-	-	33,333,333 ⁽²⁾	240,528,141 ⁽²⁾
Farouk Chaouni	207,194,808	-	-	(207,194,808) ⁽¹⁾	-
David Mimran	192,250,000	-	-	(192,250,000) ⁽⁴⁾	-
Christopher Pointon	-	-	-	-	-
Other Executive KMP					
Rod Wheatley	1,237,500	-	-	(345,016)	892,484

(1) Mr. Chaouni resigned as a Director on 28 June 2019 and is not considered a KMP from that date.

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

(3) Mr. Ian McCubbing resigned as a Director on 31 January 2019 and is not considered a KMP from that date.

(4) Mr. Mimran resigned as a Director on 28 June 2019 and is not considered a KMP from that date.

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.



BRETT CLARK

Chairman

Perth, 7 October 2019



**Building a better
working world**

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Auditor's independence declaration to the Directors of Avenira Limited

As lead auditor for the audit of the financial report of Avenira Limited for the financial year ended 30 June 2019, 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

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
7 October 2019

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 Boabab Phosphate Project
5 February 2018:	Mineral Resource increase at Boabab Phosphate Project
22 October 2018:	Avenira receives Exploitation Permit for Baobab Phosphate Project
18 March 2019:	Avenira Delivers strong feasibility study for Expansion of 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 2019

INCOME

	NOTES	CONSOLIDATED	
		2019	2018
		\$	\$
Interest Income	5	63,973	83,859

EXPENDITURE

Depreciation and amortisation expense		(19,421)	(21,061)
Salaries and employee benefits expense		(1,349,912)	(1,528,814)
Net foreign currency gain/(loss)	6	146,519	(25,499)
Impairment of exploration and evaluation expenditure	13	(143,642)	(109,630)
Interest expense		(35,134)	-
Share based payment (expense)/reversal	31	40,833	(60,918)
Administrative and other expenses		(1,787,840)	(1,563,247)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		(3,084,624)	(3,225,309)
INCOME TAX BENEFIT	7	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(3,084,624)	(3,225,309)

Discontinued Operations

Loss after tax for the year from discontinued operations	12	(40,355,098)	(2,950,688)
LOSS FOR THE YEAR		(43,439,722)	(6,175,977)

OTHER COMPREHENSIVE INCOME

Items that may be reclassified subsequently to Profit or Loss

Exchange differences on translation of foreign operations

Reclassification of foreign operations on disposal		-	-
Exchange differences arising during the year		1,085,849	2,626,616
		1,085,849	2,626,616

Financial assets measured at fair value through profit and loss

Net fair value loss on financial assets measured at fair value through OCI		(15,610)	-
Other comprehensive income for the year, net of tax		1,070,239	2,626,616
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(42,369,483)	(3,549,361)

Loss for the year is attributable to:

Owners of Avenir Limited		(35,396,670)	(5,335,683)
Non-controlling interest		(8,043,052)	(840,294)
		(43,439,722)	(6,175,977)

Total comprehensive loss for the year is attributable to:

Owners of Avenir Limited		(34,525,626)	(3,198,895)
Non-controlling interest		(7,843,860)	(350,466)
		(42,369,483)	(3,549,361)

LOSS PER SHARE

From continuing operations

Basic profit per share (cents)	30	(0.30)	(0.42)
Diluted profit per share (cents)	30	(0.28)	(0.38)

From total operations

Basic loss per share (cents)	30	(4.24)	(0.80)
Diluted loss per share (cents)	30	(3.93)	(0.72)

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 2019

	NOTES	CONSOLIDATED	
		2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	8	278,689	3,679,173
Trade and other receivables	9	43,020	969,294
Inventories	10	-	2,286,116
Assets of disposal group held for sale	12	25,101,830	-
TOTAL CURRENT ASSETS		25,423,539	6,934,583
NON-CURRENT ASSETS			
Trade and other receivables	9	1,481,600	1,481,600
Financial assets	21	15,620	31,239
Plant and equipment	11	5,034	1,334,802
Capitalised exploration and evaluation expenditure	13	5,889,800	10,018,672
Capitalised mine development expenditure	14	-	51,407,026
Intangibles		44,223	141,682
Other Assets		-	683,958
TOTAL NON-CURRENT ASSETS		7,436,277	65,098,979
TOTAL ASSETS		32,859,816	72,033,562
CURRENT LIABILITIES			
Trade and other payables	15	643,986	1,959,721
Provisions	16	143,008	210,958
Loans and borrowings	17	1,317,984	804,442
Liabilities of disposal group held for sale	12	12,987,325	-
TOTAL CURRENT LIABILITIES		15,092,303	2,975,121
NON-CURRENT LIABILITIES			
Provisions	16	1,289,500	2,483,047
Loans and borrowings	17	-	7,215,150
Deferred tax liabilities	18	-	3,221,045
TOTAL NON-CURRENT LIABILITIES		1,289,500	12,919,242
TOTAL LIABILITIES		16,381,803	15,894,363
NET ASSETS		16,478,013	56,139,199
EQUITY			
Issued capital	19	142,280,148	139,480,390
Reserves	20(a)	27,014,485	26,234,899
Accumulated losses	20(b)	(149,389,359)	(113,992,689)
Capital and reserves attributable to members of Avenir Limited		19,905,274	51,722,600
Non-controlling interest	27	(3,427,261)	4,416,599
TOTAL EQUITY		16,478,013	56,139,199

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

ATTRIBUTABLE TO OWNERS OF AVENIRA LIMITED							
CONSOLIDATED	NOTES	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTEREST	TOTAL
		\$	\$	\$	\$	\$	\$
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		(1,891,050)	-	-	(1,891,050)	-	(1,891,050)
Share based payment		-	(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
Loss for the year				(35,396,670)	(35,396,670)	(8,043,052)	(43,439,722)
Other comprehensive income/(loss) for the year			871,044		871,044	199,192	1,070,236
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			871,044	(35,396,670)	(34,525,627)	(7,843,860)	(42,369,486)
<i>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</i>							
Shares issued during the year		2,860,425			2,860,425		2,860,425
Share issue transaction costs		(60,667)			(60,667)		(60,667)
Conversion of Share rights			(50,625)		(50,625)		(50,625)
Share based payment	31		(40,833)		(40,833)		(40,833)
BALANCE AT 30 JUNE 2019		142,280,148	27,014,485	(149,389,359)	19,905,274	(3,427,261)	16,478,013

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 2019

	NOTES	CONSOLIDATED	
		2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,211,822)	(4,054,365)
Payments for exploration expenditure		-	(114,515)
Receipts for other income		112	-
Interest received		45,850	77,522
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	29	(4,165,860)	(4,091,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests		(733,803)	(1,235,014)
Payments for mine development		(4,352,645)	(12,143,633)
Receipts for phosphate sales capitalised to development		1,405,314	2,463,737
Payments for plant and equipment		(27,554)	(249,353)
Net refund from VAT		-	3,108,098
Payment of security deposits		(101,085)	-
Payments for intangibles		(5,203)	(80,425)
Loans to other entities		(137,024)	(38,453)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(3,952,000)	(8,175,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,809,799	15,000,000
Transaction costs on issue of shares		(60,667)	(577,500)
Proceeds from loans and borrowings		2,419,346	5,163,484
Repayments of loans		(649,421)	(6,454,188)
NET CASH INFLOW FROM FINANCING ACTIVITIES		4,519,057	13,131,796
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,598,803)	865,395
Cash and cash equivalents at the beginning of the financial year		3,679,173	2,946,100
Effects of exchange rate changes on cash and cash equivalents		220,174	(132,322)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	300,544	3,679,173

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

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 Level 2, 8 Broadway Crawley WA 6009. The financial statements were authorised for issue in accordance with a resolution of the directors on 7 October 2019. 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 2019

1. BASIS OF PREPARATION (continued)

Going concern

At 30 June 2019, the Group had cash on hand of A\$300,544 (30 June 2018: A\$3,679,173). The Group made an operating loss before tax of \$43,439,722 for the year ended 30 June 2019 (30 June 2018: loss of \$6,175,977) and had a cash outflow from operating and investing activities of \$8,117,860 (30 June 2018: \$12,266,401).

The Company will be holding a general meeting of shareholders on 14 October 2019 to seek approval for the sale of its Baobab Phosphate Project.

If shareholder approval is received for the sale, the Company will have approximately \$1.7 million of outstanding directors fees and shareholder loans forgiven, have no ongoing obligations in relation to funding the development of the Baobab Project, have no ongoing loans or borrowings and will receive US\$3 million (approximately A\$4.3 million) in cash (less any amounts received in advance). Further, the groups cashflow forecast, prepared on the basis shareholders approve the sale of the Baobab Phosphate Project, reflects that the group will have sufficient cash to continue as a going concern beyond 31 October 2020 without having to raise any additional working capital.

The Directors expect that shareholder approval will be received for the sale and therefore it is appropriate to prepare the financial statements on a going concern basis. Additionally, the Group has a historical track record of being able to secure additional working capital as and when required.

In the event the Company does not receive shareholder approval for the sale, 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 Avenir'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.

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 52
Note 10 Inventories	Page 53
Note 12 Discontinued operations	Page 54
Note 13 Capitalised exploration and evaluation expenditure	Page 57
Note 14 Capitalised mine development expenditure	Page 58
Note 16 Provision for mine rehabilitation and restoration	Page 59
Note 31 Share based payments	Page 80

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.

The Group has reclassified comparative figures in the Consolidated statement of profit and loss and other comprehensive income as a part of the discontinued operations disclosure, refer Note 12.

1. BASIS OF PREPARATION (continued)

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 2019 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 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

VALUATION TECHNIQUES

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 financial assets through other comprehensive income 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 AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* which became effective for financial reporting periods commencing on or after 1 January 2018.

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised 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.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

AASB 9 Financial Instruments

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 39 *Financial Instruments: Recognition and Measurement* ("AASB 39"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 July 2018.

Measurement and classification

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (prior to 1 July 2018)	New measurement category under AASB 9 (from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Investments in equity instruments	Available for sale assets	Fair value through other comprehensive income
Trade and other payables	Financial liability at amortised cost	Financial liabilities at amortised cost
Interest bearing loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification of financial instruments has not resulted in any re-measurement adjustments at 1 July 2018.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. The result of the assessment is as follows:

Items existing as at 1 July 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 July 2018 \$'000:
Cash and cash equivalents and deposits	All bank balances are assessed to have low credit risk as they are held with a reputable financial institution with a Moody's Credit Rating of AA3.	-
Receivables at amortised cost	The Group applied the simplified approach and concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required at 1 July 2018.	-
Investments in equity instruments	The investments in equity instruments have been assessed as having a low credit risk as the investments relate to reputable listed entities, and the Group has concluded any loss on the equity instruments would be negligible.	-

Hedge accounting

The Group has not applied hedge accounting.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

The Group has adopted AASB 2016-5 as issued in December 2016 with the date of initial application being 1 July 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 2016-5 had no impact on the Group as the Group had no share-based payment transactions with features described in the amendment.

AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group has adopted Interpretation 22 as issued in December 2016 with the date of initial application being 1 July 2018.

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of Interpretation 22 had no impact on the Group.

(a) New and revised Accounting Standards for Application in Future Periods

AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.

This Standard supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB interpretation 115 *Operating Leases-Incentives* and AASB interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

The Group is finalising its assessment of the impact of AASB 16.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-current assets held sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Avenira advised the market on 1 July 2019 of its intention to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) and receive immediate funding support (the 'Transaction').

Under the Transaction:

- Avenira to receive cash consideration of US\$3.0M (A\$4.3M), and loan and director fees forgiveness of approximately US\$1.2M (A\$1.8M), for a total value of approximately US\$4.2M (A\$6.1M), using a A\$:US\$ 0.69 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.
- Pending completion of the sale ('Completion'), the Purchasers will provide loan funding of up to US\$1.8M to BMCC (the Avenira subsidiary which holds the Baobab Project) and US\$ 300,000 to Avenira Limited. Of these facilities BMCC has drawn down US\$1.265M to date and Avenira has drawn down US\$300,000 to date.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (continued)

(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
	\$	\$	\$	\$
2019				
Income				
Interest revenue	39,085	112	24,776	63,973
Total segment revenue	39,085	112	24,776	63,973
Total revenue as per statement of comprehensive income				63,973
Impairment of non-current assets	(143,642)	(38,786,263)	-	(38,929,905)
Salaries, administrative and other expenses	(37,739)	(3,612,135)	(2,947,683)	(6,597,557)
Impairment of doubtful debts	-	(896,095)	-	(896,095)
Depreciation and amortisation	(2,174)	(371,991)	(17,247)	(391,412)
Segment net loss before tax	(144,470)	(43,666,372)	(2,940,154)	(46,750,996)
Tax benefit	-	3,311,274	-	3,311,274
Segment net loss after tax	(144,470)	(40,355,098)	(2,940,154)	(43,439,722)
Loss from discontinued operations				(40,355,098)
Total net loss as per statement of comprehensive income				(3,084,624)
Segment assets				
Capitalised exploration and evaluation expenditure	5,889,800	1,941,789	-	7,831,589
Capitalised mine development expenditure	-	20,534,534	-	20,534,534
Plant and equipment	883	423,027	4,151	428,061
Other assets at balance date	1,502,302	2,202,480	360,850	4,065,632
Total segment assets	7,392,985	25,101,830	365,001	32,859,816
Segment liabilities				
Other liabilities at balance date	1,291,515	12,987,325	2,102,963	16,381,803
Total segment liabilities	1,291,515	12,987,325	2,102,963	16,381,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (continued)

	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)
Salaries, administrative and other expenses	(38,308)	(1,505,470)	(3,103,443)	(4,647,221)
(Impairment) / impairment reversal of doubtful debts	(36,725)	3,295,750	-	3,259,025
Depreciation and amortisation	(3,815)	(343,570)	(17,247)	(364,632)
Segment net loss before tax	(152,023)	(4,416,461)	(3,073,286)	(7,641,770)
Tax benefit	-	1,465,793	-	1,465,793
Segment net loss after tax	(152,023)	(2,950,668)	(3,073,286)	(6,175,977)
Loss from discontinued operations				(2,950,668)
Total net loss as per statement of comprehensive income				(3,225,309)
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

5. INCOME

Accounting policies

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

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 14.

Other revenue

Interest from financial institutions

	2019	2018
	\$	\$
Interest from financial institutions	63,973	83,859
Total	63,973	83,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

6. EXPENSES

	2019	2018
	\$	\$
Loss before income tax includes the following specific expenses		
Defined contribution superannuation expense	39,071	49,951
Minimum lease payments relating to operating leases	103,023	106,694
Net loss on disposal of property, plant and equipment	-	-
Foreign exchange losses (net)	146,519	1,012,758

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 2019

7. INCOME TAX (continued)

	2019 \$	2018 \$
(a) Income tax expense/(benefit)		
Current tax	-	-
Deferred tax	(3,311,274)	(1,465,793)
	(3,311,274)	(1,465,793)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(3,084,624)	(3,225,309)
Loss from discontinued operations before income tax expense	(40,355,098)	(2,950,688)
Accounting loss before income tax	(43,439,722)	(6,175,977)
Prima facie tax benefit at the Australian tax rate of 30% (2018: 30%)	(13,031,916)	(1,852,799)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	12,550	18,275
Other	-	204
Movements in unrecognised temporary differences	(75,653)	(290,573)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	9,783,745	659,100
Income tax (benefit)	(3,311,274)	(1,465,793)
Attributed to:		
Continuing operations	-	-
-Discontinuing operations	(3,311,274)	(1,465,793)
	(3,311,274)	(1,465,793)
(c) Tax affect relating to each component of other comprehensive income		
Financial assets	-	-
	-	-
(d) Deferred tax assets		
Capital raising costs	251,840	157,180
Rehabilitation provision	386,850	386,850
Other provisions and accruals	69,549	68,129
Financial assets at FVOCI	-	878,080
Tax losses in Australia	30,600,468	30,353,826
	31,308,707	31,844,065
Deferred tax assets not recognised	(29,223,846)	(29,715,818)
	2,084,861	2,128,247
Offset against deferred tax liabilities	(2,084,861)	(2,128,247)
Net deferred tax assets	-	-
(e) Deferred tax liabilities		
Capitalised exploration and evaluation costs and development costs	(1,829,436)	(5,042,105)
Unrealised foreign exchange gain	(254,807)	(303,827)
Other accruals	(618)	(3,360)
	(2,084,861)	(5,349,292)
Offset against deferred tax assets	2,084,861	2,128,247
Net deferred tax liabilities	-	(3,221,045)

7. INCOME TAX (continued)

DEFERRED TAX

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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

TAX CONSOLIDATION

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

8. 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.

	2019 \$	2018 \$
Cash at bank and in hand (continuing operations)	278,689	1,179,173
Cash at bank and in hand (discontinued operations)	21,855	-
Short-term deposits	-	2,500,000
Cash and cash equivalents	300,544	3,679,173

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

9. TRADE AND OTHER RECEIVABLES

Accounting Policies

Recognition and measurement

Trade receivables are initially recognised at fair value and subsequently at amortised cost less a provision for any expected credit losses. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers trade and other receivables in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Current

	2019	2018
	\$	\$
Trade and other receivables ⁽ⁱ⁾	11,446	45,605
Government taxes receivable ⁽ⁱⁱ⁾	380	922,509
Provision for impairment ⁽ⁱⁱ⁾	-	(292,687)
Prepayments	-	126,414
Sundry receivables	-	99,811
Security deposits	31,194	67,642
	43,020	969,294

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

(ii) Government taxes receivable in 2018 relates to VAT receivable in Senegal of \$904,503 and GST receivable in Australia of \$18,006. At 30 June 2018, based on historical VAT recovery outcomes the Group has determined that 30% of the outstanding VAT receivables 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

	2019	2018
	\$	\$
Convertible promissory notes ⁽ⁱ⁾	-	2,312,716
Provision for impairment ⁽ⁱ⁾	-	(2,312,716)
Convertible promissory notes ⁽ⁱⁱⁱ⁾	-	38,455
Provision for impairment ⁽ⁱ⁾	-	(38,455)
Security deposits	1,481,600	1,481,600
	1,481,600	1,481,600

(i) In July 2016, the Group (the "holder") entered into convertible secured promissory notes with Novaphos, (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) Novaphos receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC.

(iii) In June 2018, the Group (the "holder") entered into convertible secured promissory notes with Novaphos, (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) Novaphos' receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

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.

Current

	2019	2018
	\$	\$
Inventories valued at net realisable value ⁽ⁱ⁾	-	2,214,758
Inventories valued at Cost ⁽ⁱⁱ⁾	-	71,358
	-	2,286,116

(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. 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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation Rate

Plant and equipment	10% to 25%
Computer Equipment	33%
Furniture and Fittings	20%
Camp Buildings	10%
Software	16%
Motor Vehicles	25%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

11. PLANT AND EQUIPMENT (continued)

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.

	2019	2018
	\$	\$
Cost	80,432	2,162,344
Accumulated depreciation	(75,398)	(827,542)
Net carrying amount	5,034	1,334,802

Movements in carrying amounts

Opening net carrying amount	1,334,802	1,339,077
Additions	27,554	249,353
Depreciation charge	(336,722)	(327,447)
Impairment	(628,409)	-
Assets held for Sale	(423,027)	-
Foreign currency exchange differences	31,106	73,819
Closing net carrying amount	5,034	1,334,802

12. DISCONTINUED OPERATIONS

On 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) in return for cash consideration and essential funding support (the 'Transaction').

Under the Transaction:

- Avenira to receive cash consideration of US\$3.0M (A\$4.3M), and loan and director fees forgiveness of approximately US\$1.2M (A\$1.8M), for a total value of approximately US\$4.2M (A\$6.1M), using a A\$:US\$ 0.69 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.
- Pending completion of the sale ('Completion'), the Purchasers will provide loan funding of up to US\$1.8M to BMCC (the Avenira subsidiary which holds the Baobab Project) and US\$ 300,000 to Avenira Limited. Of these facilities BMCC has drawn down US\$1.265M to date and Avenira has drawn down US\$300,000 to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

12. DISCONTINUED OPERATIONS (continued)

The results of the Baobab Phosphate Project and Novaphos for the year as presented below:

	2019	2018
	\$	\$
Other income	112	-
Administrative and other expenses	(3,348,690)	(922,418)
Salaries and employee benefits	(192,074)	(345,557)
Exploration expenses	-	(114,515)
Depreciation	(371,991)	(343,570)
Impairment Financial assets	(139,838)	-
(Impairment)/Impairment reversal of Doubtful debts	(896,095)	3,295,750
Impairment	(38,786,264)	(5,863,171)
FX Movements	68,468	(122,980)
Loss before tax from discontinued operation	(43,666,372)	(4,416,461)
Tax benefit:	3,311,274	1,465,793
Loss for the year from discontinued operations	(40,355,098)	(2,950,668)

The net cash flows from the discontinued operation are as follows:

Operating	(3,531,994)	(3,029,245)
Investing	(3,782,219)	(7,806,812)
Financing	7,156,918	11,015,206
Net cash (outflow) / inflow	(157,295)	179,149

Earnings per share

Basic loss for the year from discontinued operations (cps)	(3.94)	(0.38)
Diluted loss for the year from discontinued operations (cps)	(3.65)	(0.35)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

12. DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as at 30 June 2019 are, as follows:

AS AT 30 JUNE 2019	2019
	\$
ASSETS	
Cash and cash equivalents	21,855
Trade and other receivables	380,761
Convertible promissory notes ⁽ⁱⁱ⁾	2,488,195
Provision for impairment ⁽ⁱ⁾	(2,488,195)
Inventories	1,497,138
Plant and equipment	423,027
Intangibles	31,607
Capitalised exploration and evaluation expenditure	1,941,789
Other Assets	271,119
Capitalised mine development expenditure	20,534,534
Assets held for Sale	25,101,830
LIABILITIES	
Trade and other payables	1,127,275
Provisions	2,957,158
Loans and borrowings	8,902,892
Liabilities directly associated with disposal group	12,987,325
NET ASSETS DIRECTLY ASSOCIATED WITH DISPOSAL GROUP	12,114,515
Amounts included in accumulated OCI	
Foreign Currency revaluation reserve	447,524
RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	447,524

(i) Refer Note 21 for further details on impairment.

(ii) In July 2016 and June 2018, the Group (the "holder") entered into convertible secured promissory notes with Novaphos, (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) Novaphos' receipt of an aggregate amount of US\$6,000,000 from Stonecutter Phosphates LLC.

Write-down of Baobab Phosphate Project assets

Immediately before the classification of the Baobab Phosphate Project and Novaphos as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment, capitalized mining expenditure and capitalized exploration expenditure. An impairment loss of \$38.8 million was recognised to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell of \$25.1 million. This was recognized in discontinued operations in the statement of profit or loss. The fair value methodology adopted is classified as Level 3 in the fair value hierarchy. In determining the fair value, estimates were made in relation to the underlying value of the assets being disposed.

Key estimates and assumptions

On 1 July 2019, Avenira announced its proposal to sell its interests in the Baobab Phosphate Project and Novaphos. Operations of the Baobab Phosphate Project and assets and liabilities associated to Avenira's interest in Novaphos are classified as a disposal group held for sale. The Directors considered the operations to meet the criteria to be classified as held for sale for the following reasons:

- The Baobab Phosphate Project and the Groups equity interest in Novaphos is available for immediate sale and can be sold to the buyer in its current condition

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

12. DISCONTINUED OPERATIONS (continued)

- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage
- Avenira shareholders will have an opportunity to vote on the Transaction and capital reduction at the shareholder meeting on 14 October 2019. Subject to meeting all of the condition's precedent, the Transaction is likely to complete shortly after the shareholder meeting.

13. 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 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.

	2019	2018
	\$	\$
<i>Reconciliation of movements of exploration and evaluation costs in respect of mining areas of interest</i>		
Opening net carrying amount	10,018,672	8,722,989
Capitalised exploration and evaluation costs ⁽ⁱ⁾	733,804	1,235,032
Impairment of exploration and evaluation expenditure ⁽ⁱⁱ⁾	(3,028,186)	(109,630)
Assets Held for Sale	(1,941,789)	-
Foreign currency translation movement	107,299	170,281
Closing net carrying amount ⁽ⁱⁱⁱ⁾	5,889,800	10,018,672

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 recognized 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 recognised exploration and evaluation expenditure.

(iii) The 2019 closing balance comprises the net carrying amount of exploration and evaluation expenditure attributable to the Wonarah Phosphate Projects being \$5,889,800.

13. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE (continued)

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 SRK Consulting for the year ending 30 June 2019 revealed fair values for the Wonarah Project ranging from \$6,010,000 to \$16,020,000, based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources (level 3 in the fair value hierarchy).

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. As a result, during the reporting period an amount of \$143,642 (30 June 2018: \$109,630) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount is calculated as \$5,889,800 after allowing for estimated costs of disposal.

14. 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 recognized 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 recognized 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 2019

14. CAPITALISED MINE DEVELOPMENT EXPENDITURE (continued)

	2019	2018
	\$	\$
<i>Reconciliation of movements during the year</i>		
Opening net carrying amount	51,407,026	47,579,578
Capitalised mine development	2,697,272	6,310,401
Capitalised interest	540,564	618,736
Capitalised reversal of provision for rehabilitation	(642,461)	(22,755)
Impairment of mine development expenditure	(34,924,804)	(5,863,171)
Foreign currency translation movement	1,456,937	2,784,237
Assets held for sale	(20,534,534)	-
Closing net carrying amount	-	51,407,026

15. 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.

	2019	2018
	\$	\$
Trade payables ⁽ⁱ⁾	530,667	1,043,988
Other payables and accruals	113,319	915,733
	643,986	1,959,721

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

The carrying amounts disclosed above represent their fair value.

16. 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 recognized 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 recognized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

16. PROVISIONS (continued)

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 recognized 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 recognized 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 recognized 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

	2019	2018
	\$	\$
Employment benefits	143,008	210,958
	143,008	210,958

Non-Current

	2019	2018
	\$	\$
Mine rehabilitation and restoration ⁽ⁱ⁾	1,289,500	2,432,970
Employment benefits	-	50,077
	1,289,500	2,483,047

Movements in mine rehabilitation and restoration provision

Opening net carrying amount	2,432,970	2,387,606
(Decrease)/increase in provision	(632,351)	(22,755)
Foreign currency translation movement	20,963	68,119
Assets held for sale	(532,082)	
Closing net carrying amount	1,289,500	2,432,970

(i) Provision for future removal and restoration costs are recognized 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 2019 rehabilitation obligation has a carrying value of \$1,289,500 (2018: \$1,289,500) for the Wonarah Phosphate Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

17. 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.

Current	INTEREST RATE %	2019 \$	2018 \$
Bridge loans – <i>unsecured</i>	6.00	1,317,984	-
Finance facility – <i>secured</i>	6.75	-	804,442
Total current loans and borrowings		1,317,984	804,442

Non-current	INTEREST RATE %	2019 \$	2018 \$
Finance facility – <i>secured</i>	6.75	-	4,368,066
Other loan – <i>unsecured</i>	6.75	-	2,847,084
Total non-current loans and borrowings		-	7,215,150

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

17. LOANS AND BORROWINGS (continued)

- 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.

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. At 30 June 2019, the finance facility loan is classified as part of the Discontinued Operations, refer note 12.

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 Avenirra 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 Avenirra and 20% to Mimran. The loan is limited in recourse to the assets of BMCC. At 30 June 2019, the Mimran Group loan is classified as part of the Discontinued Operations, refer note 12.

18. 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.

	2019	2018
	\$	\$
Deferred tax liability		
Deferred tax liability on acquisition	-	3,221,045
Net carrying amount	-	3,221,045
Movements in carrying amounts		
Opening net carrying amount	3,221,045	4,413,080
Income tax benefit realised as part of discontinued operations	(3,311,274)	(1,465,793)
Foreign currency translation movement	90,229	273,758
Closing net carrying amount	-	3,221,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

19. 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	2019		2018	
		NUMBER OF SHARES	\$	NUMBER OF SHARES	\$
(a) Share capital					
Ordinary shares fully paid	23(b), 23(e)	1,058,628,242	142,280,148	915,903,243	139,480,390
Unissued shares ⁽ⁱ⁾		-	-	-	-
Total share capital		<u>1,058,628,242</u>	<u>142,280,148</u>	<u>915,903,243</u>	<u>139,480,390</u>
(b) Movements in ordinary share capital					
Beginning of the financial year		915,903,243	139,480,390	579,100,867	125,037,889
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)		40,000,000	800,000	-	-
- Issue of shares ^(vii)		99,999,999	2,000,000	-	-
- Issue of shares ^(viii)		2,025,000	50,625	-	-
- Issue of shares ^(ix)		700,000	9,800	-	-
- Less: transaction costs		-	(60,667)	-	(577,500)
End of the financial year		<u>1,058,628,242</u>	<u>142,280,148</u>	<u>915,903,243</u>	<u>139,480,390</u>

(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 at 2.0 cents pursuant to placement.

(vii) Issued at 2.0 cents pursuant to placement.

(viii) Issued at 2.5 cents to Mr. L Calvarin pursuant to 2018 start term incentive plan.

(ix) Issued at 1.4 cents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

19. ISSUED CAPITAL (continued)

	NUMBER OF OPTIONS	
	2019	2018
(c) Movements in unlisted options on issue		
Beginning of the financial year	80,000,000	88,075,000
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)
End of the financial year	80,000,000	80,000,000
(d) Movements in share rights		
Beginning of the financial year	5,000,000	2,512,500
Issued during the year:		
- Issued for performance rights, expiring on 30 June 2022 ⁽ⁱ⁾	-	5,000,000
Exercised during the year:		
- Tranche 3 performance rights vested on 21 September 2017	-	(1,412,500)
Lapsed during the year:		
- Performance rights forfeited on 30 June 2019 ⁽ⁱⁱ⁾	(5,000,000)	-
- Tranche 3 performance rights lapsed on 10 December 2017 ⁽ⁱⁱⁱ⁾	-	(1,100,000)
End of the financial year	-	5,000,000

(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 31 for further details.

(ii) Mr. Calvarin 5,000,000 unvested performance rights were forfeited upon resignation as Managing Director and Chief Executive Office

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

19. ISSUED CAPITAL (continued)

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

	2019	2018
	\$	\$
Cash and cash equivalents	278,689	3,679,173
Trade and other receivables	43,020	969,294
Inventory	-	2,286,116
Trade and other payables	(643,986)	(1,959,721)
Current provisions	(143,008)	(210,958)
Current loans and borrowings	(1,317,984)	(804,442)
Working capital position	(1,783,269)	3,959,462

20. RESERVES AND ACCUMULATED LOSSES

	2019	2018
	\$	\$
(a) Reserves		
Foreign currency translation	2,325,644	1,438,988
Share-based payments	17,223,378	17,314,837
Fair Value Reserve of Financial Assets at FVOCI	-	15,610
Non-controlling interest reserve	7,465,464	7,465,464
Total reserves	27,014,485	26,234,899

	2019	2018
	\$	\$
Movements:		
<i>Fair Value Reserve of Financial Assets at FVOCI</i>		
Balance at beginning of year	15,610	15,610
Revaluation	(15,610)	-
Balance at end of year	-	15,610
<i>Foreign currency translation reserve</i>		
Balance at beginning of year	1,438,988	(697,800)
Currency translation differences arising during the year	886,656	2,136,788
Balance at end of year	2,325,644	1,438,988
<i>Share-based payments reserve</i>		
Balance at beginning of year	17,314,837	18,364,389
Performance rights and share rights	(40,833)	111,543
Other share-based payments ⁽ⁱ⁾	-	(1,161,095)
Share rights converted to ordinary shares	(50,626)	-
Balance at end of year	17,223,378	17,314,837
<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 31 Share Based Payments for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

20. RESERVES AND ACCUMULATED LOSSES (continued)

	2019	2018
	\$	\$
(b) Accumulated losses		
Balance at beginning of year	(113,992,689)	(108,657,005)
Net loss for the year attributable to owners of Avenir Limited	(35,396,670)	(5,335,683)
Balance at end of year	(149,389,359)	(113,992,689)

(c) Nature and purpose of reserves

(i) Fair Value Reserve of Financial Assets at FVOCI

Changes in the fair value of investments, such as equities classified as Fair value reserve of financial assets at FVOCI, 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.

(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.

21. FINANCIAL RISK MANAGEMENT

Accounting Policies

Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), financial assets at amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost less a provision for any expected credit losses. Trade receivables are due for settlement no more than 30 days from the date of recognition.

(ii) Financial assets measured at fair value through other comprehensive income

These financial assets consist of investments in ordinary shares, comprising principally of marketable equity securities. Investments are initially recognised at fair value plus transaction costs. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in equity in the financial assets revaluation reserve. Amounts recognised are not recycled to the statement of comprehensive income in future periods.

The fair value of the listed securities are based on quoted market prices and accordingly is a Level 1 measurement basis on the fair value hierarchy.

21. FINANCIAL RISK MANAGEMENT (continued)

Impairment of financial assets

Expected credit losses are recognised in the statement of profit and loss and other comprehensive income on financial assets measured at amortised cost.

For financial assets a 12-month expected credit loss (“ECL”) allowance is recorded on initial recognition. If there is evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off.

Financial Liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at amortised cost.

(i) Payables

This category generally applies to trade and other payables. Liabilities for trade creditors and other amounts are carried at amortised cost which is the amount initially recognised. Minus repayments whether or not billed to the Group. Payables are non-interest bearing and generally settled on 30-90 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. For more information refer to Note 15.

(ii) Loans and borrowings

This category generally applies to interest-bearing loans and borrowings. All loans and borrowings are initially recognised at fair value less transaction costs and subsequently at amortised cost. Any difference between the proceeds received and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. For more information refer to Note 17.

FINANCIAL RISK MANAGEMENT POLICIES

The Group’s principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group’s senior management that the Group’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Financial instruments

The Group holds the following financial instruments:

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	278,689	3,679,173
Trade and other receivables	43,020	969,294
Other non-current receivables	1,481,600	1,481,600
Fair value reserve of financial assets at FVOCI		
- Listed investments	15,620	31,239
	1,818,929	6,161,306

21. FINANCIAL RISK MANAGEMENT (continued)

Financial liabilities

Trade and other payables	643,986	1,959,721
Loans and borrowings	1,317,984	8,019,592
	1,961,970	9,979,313

(a) Market risk

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

It is a risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) and share prices (price risk).

(i) Foreign exchange risk

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

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

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	<u>32,109</u>	<u>12,783</u>	<u>46,672</u>
Financial liabilities			
Trade and other payables	(140,261)	(274,663)	(40,948)
Loans and borrowings	-	-	-
Total financial liabilities	<u>(140,261)</u>	<u>(274,663)</u>	<u>(40,948)</u>

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

ZAR/AUD: 9.8545	(2018: 10.143)
XOF/AUD: 404.8763	(2018: 415.61)
USD/AUD: 0.7015	(2018: 0.7403)
EUR/AUD: 0.6172	(2018: 0.6336)

(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 2019, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

21. FINANCIAL RISK MANAGEMENT (continued)

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 2019, the entire balance of cash and cash equivalents for the Group of \$300,544 (2018: \$3,679,173) 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.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments

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.

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	278,689	3,679,173
Trade and other receivables	43,020	969,294
Other non-current receivables	1,481,600	1,481,600
	1,803,309	6,130,067

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.

	2019	2018
	\$	\$
Cash at bank and short-term bank deposits		
<i>Held with Australian banks and financial institutions</i>		
AA3 rated	277,253	3,467,913
<i>Held with South African banks and financial institutions</i>		
BBB rated	1,436	32,109
<i>Held with Mauritius banks and financial institutions</i>		
BBB rated	-	11,339
<i>Held with Senegalese banks and financial institutions</i>		
BBB rated	-	167,812
Total	278,689	3,679,173
Trade and other receivables		
<i>Held with Australian banks and financial institutions</i>		
AA- rated	-	-
AA3 rated	15,000	30,000
<i>Counterparties with external credit ratings</i>	-	-
<i>Counterparties without external credit ratings</i>		
Group 1	28,020	716,667
Group 2	-	222,627
Total	43,020	969,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

21. FINANCIAL RISK MANAGEMENT (continued)

Other non-current receivables

Held with Australian banks and financial institutions

AA- rated	1,481,600	1,481,600
Total	1,481,600	1,481,600

IMPAIRED RECEIVABLES

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity

At 30 June 2019, the Group has receivables from Novaphos totaling \$3,184,560 (30 June 2018: \$2,351,171).

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

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

	2019	2018
	\$	\$
Opening balance	2,643,858	7,382,132
Net provision for impairment recognised during the year	1,035,933	(4,783,274)
Assets held for sale	(3,679,791)	-
Closing balance	-	2,643,858

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

21. FINANCIAL RISK MANAGEMENT (continued)

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							
2019							
Interest bearing loans and borrowings at 6.00%	-	-	-	-	-	-	-
Interest bearing loans and borrowings at 6.75%	-	-	1,317,984	-	-	-	1,317,984
Trade and other payables	530,666	113,320	-	-	-	-	643,986
	530,666	113,320	1,317,984	-	-	-	1,961,970

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

(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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial assets				
Financial assets measured at fair value through profit and loss	15,620	31,239	15,620	31,239
Total financial assets	15,620	31,239	15,620	31,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

21. FINANCIAL RISK MANAGEMENT (continued)

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).

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	\$	\$	\$	\$
2019				
Financial assets				
Financial assets measured at fair value through profit and loss	15,620	-	-	15,620
	15,620	-	-	15,620
2018				
Financial assets				
Financial assets measured at fair value through profit and loss	31,239	-	-	31,239
	31,239	-	-	31,239

On 15 July 2016, the Group (the "holder") entered into convertible secured promissory notes with Novaphos ("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) Novaphos 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 Novaphos. 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 Novaphos issued capital. The fair value of the conversion rights attached to these Novaphos promissory notes at 30 June 2019 was considered to be nil (30 June 2019: Nil) based on a probability weighted option pricing model.

(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 2019 was \$19,905,274 (30 June 2018: \$51,722,600). The primary objective of the Group's capital management is to maximise the shareholder value.

At 30 June 2019, the Group has external debt funding in the form of loans and borrowings as described at Note 17. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

21. FINANCIAL RISK MANAGEMENT (continued)

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 FVOCI 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 a financial asset at FVOCI investment carried at fair value is impaired, the cumulative fair value loss recognised in other comprehensive income 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.

22. 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.

	2019 \$	2018 \$
Auditor remuneration:		
Ernst & Young Australia – audit and review of financial reports	112,583	109,684
Non Ernst & Young audit firms - Statutory audit of foreign subsidiaries	27,440	53,061
	140,023	162,745
Other non-audit remuneration:		
Ernst & Young Australia		
Tax compliance services	6,000	18,000
Other tax advisory services	21,761	20,000
	27,761	38,000
Remuneration of related practices of Ernst & Young		
Foreign subsidiary audits	-	28,653
Tax compliance services	-	-
	-	28,653

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.

23. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

24.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:

	2019	2018 ⁽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	131,613	136,762
Later than one year but no later than five years	114,151	114,151
Later than five years	-	-
	245,764	250,913

	2019	2018 ⁽ⁱ⁾
	\$	\$
(b) Non-cancellable operating lease		
<i>Minimum lease payments:</i>		
Within one year	5,454	16,463
Later than one year but no later than five years	-	837
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	5,454	17,300

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

	2019	2018
	\$	\$
(c) Mine development commitments		
Within one year	217,350	308,416
Later than one year but no later than five years	652,051	519,722
Later than five years	2,348,866	2,598,608
Development expenditure contracted for at reporting date but not recognised as liabilities	3,218,267	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 lease term is for 25 years.

25. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

26. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Avenir Limited. The consolidated entity has a related party relationship with its subsidiaries (see Note 27) and with its key management personnel.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 27.

(c) Compensation of Key Management Personnel

	2019 \$	2018 \$
Short-term benefits	1,340,262	1,284,573
Long-term benefits	6,710	14,552
Post-employment benefits	25,594	31,667
Termination payments	-	-
Share-based payments	(40,721)	97,244
	1,335,387	1,428,036

(d) Loans from key management personnel

The Group received the following loans from KMP or their related parties during the 2019 financial year (2018: NIL):

2019

LENDER	BALANCE AT START OF THE YEAR \$	LOAN PROCEEDS RECEIVED \$	INTEREST CHARGED \$	INTEREST NOT CHARGED \$	FX IMPACT	REPAID DURING THE YEAR	BALANCE AT END OF THE YEAR \$	HIGHEST BALANCE DURING THE YEAR \$
Agrifos Partners LLC ⁽ⁱ⁾	-	677,051	40,268	-	(42,611)	-	674,709	717,319
Tablo Corporation ⁽ⁱⁱ⁾	-	1,248,078	66,444	-	(71,432)	-	1,243,090	1,314,522
Mimran Natural Resources ⁽ⁱⁱ⁾	2,847,084	-	178,154	-	80,676	-	3,105,914	3,105,914

(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	30 September 2019 ⁱⁱⁱ
Tablo Corporation	6.00%	unsecured	30 September 2019 ⁱⁱⁱ
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) On 27 September 2019, the Company obtain an extension to the maturity of the Shareholder Loans, extending the maturity date to 21 October 2019.

Full terms and conditions of the loans can be found at Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

26. RELATED PARTY TRANSACTIONS (continued)

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

- (iv) 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 2019. Total consultancy fees of nil (2018: \$13,700) were charged by Mr. McCubbing during the year. The agreement had no fixed term and no termination notice period.
- (v) The Company owns approximately 7% of Novaphos, Inc (Novaphos) 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 Novaphos.

27. 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:

SUBSIDIARIES	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING ⁽ⁱ⁾	
			2019	2018
			\$	\$
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 Suar ⁽ⁱⁱ⁾	Senegal	Ordinary	80	80
Avenir 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. These companies forms part of the disposal group. (Refer to Note 12 for further details).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

27.SUBSIDIARIES (continued)

Transactions with non-controlling interests

Portion of equity interest held by non-controlling interests	COUNTRY OF INCORPORATION	2019 \$	2018 \$
Baobab Mining and Chemicals Corporation SA	Senegal	20%	20%
Accumulated balance of material non-controlling interest		2019 \$	2018 \$
Baobab Mining and Chemicals Corporation SA		(3,427,261)	(4,416,599)
Loss allocated to material non-controlling interest		2019 \$	2018 \$
Baobab Mining and Chemicals Corporation SA		8,043,052	1,640,910

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

	2019 \$	2018 \$
Other income	112	-
Depreciation expense	(371,991)	(343,570)
Salaries and employee benefit expenses	(192,074)	(345,557)
Exploration expenditure	-	(114,515)
Administrative and other expenses	(3,280,222)	(1,013,635)
Impairment expense	(38,786,264)	(7,182,462)
Impairment reversal / (impairment) of Doubtful debts	(896,095)	3,332,476
Loss for the period from continuing operations	(43,526,534)	(5,667,263)
Income tax benefit/(expense)	3,311,274	1,465,793
Loss for the period from continuing operations	(40,215,260)	(4,201,470)
Total comprehensive loss	(40,215,260)	(4,201,470)
Attributable to non-controlling interest	(8,043,052)	(840,294)
Foreign currency gain/(loss) on translation of foreign operations attributable to non-controlling interest	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

27. SUBSIDIARIES (continued)

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

	2019	2018
	\$	\$
Current assets	1,895,401	3,251,022
Non-current assets	25,421,796	57,447,261
Current liabilities	(37,926,684)	(27,229,167)
Non-current liabilities	(6,526,819)	(11,386,123)
Total equity	(17,136,305)	22,082,993
Attributable to:		
Equity holders of parent	(13,709,044)	17,666,394
Non-controlling interest	(3,427,261)	4,416,599

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

	2019	2018
	\$	\$
Cash flow from operating activities	(3,469,434)	(1,340,884)
Cash flow from investing activities	(4,174,350)	(8,164,953)
Cash flow from financing activities	7,494,723	9,658,390
Net increase/(decrease) in cash and cash equivalents	(149,061)	(152,553)

28. EVENTS OCCURRING AFTER THE BALANCE DATE

On 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos to a consortium of its major shareholders (the Purchasers) in return for cash consideration and essential funding support (the 'Transaction').

Under the Transaction:

- Avenira to receive cash consideration of US\$3.0M (A\$4.3M), and loan and director fees forgiveness of approximately US\$1.2M (A\$1.8M), for a total value of approximately US\$4.2M (A\$6.1M), using a A\$:US\$ 0.69 exchange rate.
- Avenira to undertake, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.
- Pending completion of the sale ('Completion'), the Purchasers will provide loan funding of up to US\$1.8M to BMCC (the Avenira subsidiary which holds the Baobab Project) and US\$ 300,000 to Avenira Limited. Of these facilities BMCC has drawn down US\$1.265M to date and Avenira has drawn down US\$300,000 to date.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

29. STATEMENT OF CASHFLOWS

	2019 \$	2018 \$
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss from continuing operations	(3,084,624)	(3,225,309)
Net loss from discontinuing operations	(40,355,098)	(2,950,688)
Adjustment for non-cash items		
Depreciation of plant and equipment	19,421	341,054
Share based payment expense	(40,833)	60,918
Net foreign currency loss/(gain)	(146,519)	148,478
Amortisation of intangibles	449,703	23,578
Impairment of exploration and evaluation expenditure	3,028,186	109,630
Impairment of financial assets	139,838	-
Impairment of capitalised mine development expenditure	34,823,608	5,863,171
Impairment of property plant and equipment	628,409	-
Other equity items	-	70,623
Impairment / (impairment reversal) of Doubtful debts	896,095	(3,295,751)
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Decrease in trade and other receivables	545,513	(52,103)
Increase/(decrease) in trade and other payables	2,848,008	258,915
Increase (decrease) in provisions	(606,923)	21,899
Decrease in deferred tax liabilities	(3,311,274)	(1,465,793)
Net cash outflow from operating activities from operating activities	(4,165,860)	(4,091,358)

Change in liabilities from financing activities

	1-Jul-18	Proceeds from Borrowing	Tfr to Assets held for Sale	Interest Accrued	Interest Paid	FX	30-Jun-19
Interest bearing loans & borrowings - Shareholder loans	-	1,317,984	-	-	-	-	1,317,984
Interest bearing loans & borrowings - CBAO	5,172,508	-	(5,172,508)	-	-	-	-
Interest bearing loans & borrowings - Mimran	2,847,084	-	(2,847,084)	-	-	-	-
	8,019,592	1,317,984	(8,019,592)	-	-	-	1,317,984

30. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

30. EARNINGS PER SHARE (continued)

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.

	2019	2018
	\$	\$
(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	(35,396,670)	(3,198,895)
	2019	2018
	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	1,024,675,297	768,865,253
Weighted average number of ordinary shares used in calculation of diluted loss per share	1,104,675,297	853,865,253
(c) Effects of anti-dilution from		
Unlisted options	80,000,000	80,000,000
Share rights	-	5,000,000

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

31. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2019

30. SHARE BASED PAYMENTS (continued)

(a) Performance Rights Plan

There were no performance rights granted during the year ended 30 June 2019.

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

2019	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: 14 November 2017						
Tranche 1	5,000,000	-	-	-	(5,000,000)	-
TOTAL	5,000,000	-	-	-	(5,000,000)	-

5,000,000 performance rights lapsed on 30 June 2019 when Mr Calvin resigned as Managing Director and Chief Executive Officer there by ceasing to be an Eligible Person.

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 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.

There were no performance rights granted during the 2019 financial year.

(b) 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 2019

32. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Avenir Limited, at 30 June 2019. The information presented here has been prepared using accounting policies consistent with Group accounting policies.

	2019	2018
	\$	\$
(a) Financial position		
Assets		
Current assets	300,088	3,653,532
Non-current assets	21,710,164	48,957,431
Total assets	22,010,252	52,610,963
Liabilities		
Current liabilities	2,104,978	888,363
Non-current liabilities	-	-
Total liabilities	2,104,978	888,363
Net Asset Position	19,905,274	51,722,600
Equity		
Contributed equity	142,280,148	139,480,390
Reserves:		
- Share based payments	16,619,677	16,619,677
- Performance rights	603,701	695,159
- Financial assets at FVOCI	-	15,610
Accumulated losses	(139,598,016)	(105,088,236)
Total equity	19,905,274	51,722,600
(b) Financial performance		
Loss for the year	(34,510,016)	(9,109,064)
Other comprehensive income	-	-
Total comprehensive loss for the year	(34,510,016)	(9,109,064)

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

The parent entity does not have any contingent liabilities at 30 June 2019.

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

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

DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements and notes set out on pages 35 to 82 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 2019 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.



Brett Clark

Chairman

Perth, 7 October 2019



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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 2019, 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 2019 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*.

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.



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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 the Baobab Cash Generating Unit

Why significant

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

At 28 June 2019, the group entered into a binding sale agreement for the sale of its interest in the Baobab CGU for consideration lower than the carrying value. Having regard to the expected sale proceeds, an impairment of the Baobab CGU of \$38.78 million was recognised in the 30 June 2019 financial report. Refer to note 12 in the financial report for further details relating to the impairment assessment and resultant impairment recognised.

Given the magnitude of the impairment and the complexity of the impairment assessment methodology, this was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Read and considered all pertinent matters set out in the binding sale agreement including the consideration to be received, the assets and liabilities to be acquired and the likelihood of the conditions precedent being satisfied.
- ▶ Assessed whether all appropriate assets and liabilities were included in the Baobab CGU carrying value to be tested for impairment.
- ▶ Involved our valuation specialists to provide inputs on the impairment assessment including the valuation methodology.
- ▶ Assessed the adequacy of the disclosures in the financial statements.



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2. Assets and liabilities of disposal group held for sale

Why significant

On 28 June 2019, the Board of Directors for Avenir Limited entered into a binding agreement for the sale of its interests in the Baobab Phosphate Project and Novaphos Inc. to a consortium of its major shareholders as disclosed in Note 12.

At 30 June 2019, the sale process had progressed sufficiently in order to classify Avenir's interest in the Baobab Phosphate Project and Novaphos Inc. as assets and liabilities of a disposal group held for sale.

We consider the classification and presentation of assets and liabilities of a disposal group held for sale as a key audit matter due to the judgment required and the effect of this assessment on the statement of financial position, the statement of profit and loss and other comprehensive income and in certain note disclosures in the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Obtained and read the key documents associated with the sale to identify the terms relevant to the transaction.
- ▶ Held discussions with management to determine the criteria for the classification as assets and liabilities of a disposal group held for sale, being the sale is highly probable and the disposal group is available for sale in their present condition.
- ▶ Assessed the Group's determination of the value of assets and liabilities of the disposal group held for sale at the balance date and the operating result relating to the discontinued operations for the period (including the reclassification of comparative figures).
- ▶ Assessed the adequacy of the disclosure in the financial statements.



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3. Carrying value of exploration and evaluation expenditure

Why significant

Assessment of the carrying value of exploration and evaluation assets for impairment can be subjective, based on the Group's ability, and intention, to continue to explore the asset. Accordingly, this was considered to be a key audit matter.

As disclosed in Note 13 to the financial statements, an impairment test was performed in relation to the Group's Wonarah project at 30 June 2019 and an impairment of \$0.14 million was recognised in the 30 June 2019 financial report. 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.

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 the adequacy of the disclosures in the financial statements.

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 2019, 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.



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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.



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- ▶ 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 2019.

In our opinion, the Remuneration Report of Avenir Limited for the year ended 30 June 2019, 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.

A handwritten signature in dark ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in dark ink that reads "Gavin Buckingham".

Gavin Buckingham
Partner
Perth
7 October 2019

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 4 October 2019.

(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	359	72,079
1,001 – 5,000	643	2,258,478
5,001 – 10,000	736	5,915,133
10,001 – 100,000	1,509	51,610,248
100,001 and over	444	998,772,304
	3,691	1,058,628,242
The number of equity security holders holding less than a marketable parcel of securities are:	3157	23,942,624

(b) Twenty largest shareholders

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

Top Holders Snapshot - Grouped

Rank	Name	Units	% of Units
1.	HSBC CUSTODY NOMINEES	228,613,629	21.60
2.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	227,383,911	21.48
3.	AGRIFIELDS DMCC	151,761,842	14.34
4.	HOLY INVESTMENTS PTY LTD	50,742,430	4.79
5.	MRS VINEETA GUPTA	20,733,821	1.96
6.	SOLVOCHEM HOLDINGS LTD	15,584,951	1.47
7.	MR GIOVANNI DEL CONTE	14,849,612	1.40
8.	SOCIETE DE POLYSERVE POUR LES ENGRAIS ET PRODUITS CHIMIQUES SA	14,703,962	1.39
9.	VULCAN PHOSPHATES LLC	14,000,000	1.32
10.	MR BRETT WILMOTT	7,153,567	0.68
11.	MR PAUL WINSTON ASKINS	6,103,117	0.58
12.	GLOWSHORE PTY LTD	5,891,536	0.56
13.	MR YIYANG QIU	5,165,803	0.49
14.	INKESE PTY LTD	4,500,000	0.43
15.	MR GREGORY BRUCE HILL	4,000,000	0.38
16.	MR SHANE JAMES MEAD + MRS JANICE MARION MEAD	4,000,000	0.38
17.	MS KAREN THOMAS	3,997,920	0.38
18.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,908,728	0.37
19.	MR JAY HUGHES + MRS LINDA HUGHES	3,500,000	0.33
20.	W & K ASSOCIATES PTY LTD	3,450,832	0.33
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		790,045,661	74.63
Total Remaining Holders Balance		268,582,581	25.37

(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
HSBC CUSTODY NOMINEES	228,613,629
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	227,383,911
AGRIFIELDS DMCC	151,761,842

(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 3 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.