



## AVIRA RESOURCES LIMITED QUARTERLY ACTIVITIES REPORT (DECEMBER 2017)

### Highlights

- Completion of entitlement issue and placement raising \$773k
- Board and Management changes completed.
- Change of Company Name to Avira Resources Limited.
- Operational Review – Development of and commitment to follow-on exploration program on the Pyramid gold project in North QLD.

Avira Resources Limited (ASX: **AVW**) (**Avira** or the **Company**) wishes to advise on the following board redesignations and new address details for the Company.

### Corporate Activities

#### **Niflheim Resources Pte Ltd – transfer of tin assets and property, plant and equipment (PPE) to extinguish \$1.8m Convertible Note.**

FIRB approval was received for the transfer of tin assets and PPE from MGTM to MGT Minerals Pty Ltd.

On 31<sup>st</sup> of October 2017, Tanya Cole (MGTM's tenement manager) confirmed the submissions to the Department of Natural Resources & Mines (DNRM) for the transfer of assets were formally approved.

#### **Niflheim secured loan of \$200,000 to AVW and Directors Loans of \$60,000 extended to 31<sup>st</sup> Jan 2018.**

Both the \$200,000 secured loan with Niflheim Resources Pte Ltd and the outstanding Directors loans were extended to 31<sup>st</sup> of January 2018. These loans were repaid in full subsequent to the end of the quarter following completion of the capital raisings in early January 2018.

#### **Decision not to proceed with the Tartana Resources Joint Venture.**

The Company decided not to proceed with the proposed Joint Venture with Tartana Resources Limited to develop Tartana's Copper/Zinc deposits and prospects located in North Queensland due to market conditions which did not allow for the raising of the \$1.0m in cash required for the purpose of funding the initial investment which was required by 31<sup>st</sup> of October 2017.

### ASX RELEASE

31 January 2018

#### ASX CODE

AVW

#### REGISTRY

Computershare

#### SHARES ON ISSUE

378,333,333

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### **Capital raising and restructure.**

A non-renounceable rights issue offer was made to existing shareholders in December 2017 on a 1 for 1 basis of 87,088,295 fully paid ordinary shares (Shares) at \$0.003 per Share to raise \$261,265.

The Company received acceptances for a total of 25,714,060 Shares and applications for a further 61,374,235 Shares under the shortfall offer raising the full subscription of \$261,265. These Shares were issued on 3 January 2018 and trading commenced on 4 January 2018.

A placement to raise \$512,470 via the issue of 170,823,410 Shares at \$0.003 per Share was approved by shareholders at the general meeting held on 22 December 2017. These Shares were also issued on 3 January 2018, with trading commencing on 4 January 2018. Also, 50,000,000 options were issued to Cicero Advisory Services Pty Ltd on 3rd January 2018.

The funds raised from the Offer and the Placement have been applied towards debt repayment with the balance being applied to operational activities and working capital.

### **Board & management changes.**

Mr Sonu Cheema was appointed by the Board as Chief Financial Officer and Company Secretary on the 29<sup>th</sup> November 2017.

Mr David Deloub was appointed to the Board as a Non-Executive Director of the Company on 30<sup>th</sup> November 2017.

Mr Rui Zhang's re-election as a Director was not approved at the AGM on the 30<sup>th</sup> November 2017, Mr Zhang ceased to be a director of the Company.

Mr Christopher Chen and Dr Wen Shan Zhang both resigned as directors of the Company on the 1<sup>st</sup> December 2017.

### **Change of Company Name.**

In accordance with shareholder approval granted at the AGM held on the 30<sup>th</sup> of November 2017, the change of company name from Avira Energy Limited to Avira Resources Limited was completed effective 30<sup>th</sup> of November 2017 with no change to the Company's ASX listing code (AVW).

### **General Meeting.**

Avira Resources Limited held a General Meeting on 22<sup>nd</sup> December 2017 to approve the Placement as well as the issue of options to the corporate advisor assisting the Company with the capital raisings and to provide for the conversion of a portion of debt to equity. The resolutions put to shareholders were all passed.

### **Corporate Administration Services Engagement.**

Effective 1 December 2017, the Company engaged the services of Cicero Corporate Services Pty Ltd to provide administrative services.

### **Operational Activities**

Gold ended 2017 with a strong rally, pushing through USD 1300/oz, and has posted healthy gains in early of 2018.

While 2017 was a year of consolidation with reform and modest growth for the gold sector, gold's recent gains highlight that the economic environment remains highly supportive, particularly due to low real interest rates, a weakening US dollar and rising sovereign debt, as well as heightened financial risk in overvalued equity markets and a volatile geopolitical landscape.

Many gold producers and explorers have improved capital discipline, implemented management reforms and have increased focus on returns to shareholders during the last year.

The result has been that investment in the gold sector has become more investible than for some time,

As a consequence of this, the Company has been focusing its efforts on reviewing and developing an exploration strategy in relation to its Pyramid Gold Project located in northern Queensland.

The Company has invested significant time and resources into reviewing and planning for an exploration program to commence in the first and complete in the second quarter of 2018.

Additional detail on the parameters of the planned exploration program are provided in the 2018 Exploration Program section below.

### **Pyramid Gold Project, Queensland**

#### **Overview**

The Pyramid Gold Project is located approximately 120 km southeast of Charters Towers, northern Queensland, in the Burdekin Dam – Sellheim River region, and comprises EPM 12887, EPM 25154 and EPM 19554 which close to the north eastern margin of the Drummond Basin, near its contact with the Bulgonunna Block. Basement sequences of the Anakie Inlier are located to the west and within the eastern portion of the project area. The majority of historical exploration work has focused on EPM 12887.

The topography of the EPC 12887 is dominated by the West Pyramid Range and the parallel East Pyramid Range. The West Pyramid Range contains a plus 6km mineralized structure which extends from the Gettysberg and Sellheim prospects in the NNE to the Marrakesh and Pradesh prospects to the SSE. Gold and base metal mineralization, as defined by geological prospecting and surface sampling, occurs along the extent of this structure.

The East Pyramid Range is characterized by Late Carboniferous to Permian age intrusive related hydrothermal systems, which are associated with prominent bulk tonnage gold systems in North Queensland. Mt Leyshon, Ravenswood-Mt Wright and Kidston are multi-million ounce examples of this style of mineralisation in North Queensland.

Over the period, Avira has utilised the services of an independent geologist based in its advisors Perth offices to conduct a comprehensive review of the historic data on Ariva's North Queensland Pyramid Project sourced from the exploration contractor's (Terra Search) hard copy and digital archives. The documents reviewed included the latest technical reports and presentations on drilling, surface sampling and structural interpretations completed by MGT in 2015, 2014 and 2011, Diatreme Resources in 2005, 2006 and Dalrymple Resources/Newcrest in 1992-1995.

The Gettysberg and Sellheim prospects are the most advanced prospects within the Pyramid Project and have been the target of a number of drilling campaigns by the Company and past explorers. More recent exploration has included structural interpretation studies assessing the geometry of gold mineralisation previously defined at Gettysberg and other prospects. High grade mineralisation at Gettysberg has been interpreted to form in as a series of north plunging shoots.

The review has identified potential to test for high grade gold mineralization down dip from the interpreted plunging shoots as well as potential to define additional shoots. The structural studies have also identified targets for follow up exploration at Marrakesh-Madras and Tandoori-Breccia Hill.

The Company completed a Reverse Circulation (RC) drilling program, consisting of 24 holes for 3,566m, at the Project in 2015. This drilling tested extensions to known mineralisation at Gettysberg as well as structural models at Gettysberg, Sellheim, Marrakesh and Pradesh (see MGT ASX announcement dated 11 August 2015 titled "More High Grade Gold Intersections at the Pyramid Project").

The drilling at Gettysberg returned broad zones of high grade gold mineralisation within and adjacent to a low grade envelope defined from earlier drilling. Better results included 35m at 6.1g/t from 33m, including 5m at 37.1g/t from 33m, in MGTRC016 and 34m at 2.83g/t from 15m, including 15m at 5.63g/t from 24m in MGTRC018. These are down hole widths which may not reflect true widths – the geometry of mineralisation is still uncertain. Drilling at Sellheim as part of the same program confirmed the presence of very broad low grade mineralisation, returning intersections such as 123m at 0.26g/t from 25m and 52m at 0.27g/t from 25m.

Avira have most of this under-explored prospective belt at Pyramid under tenement. Review and recent analysis undertaken by Avira and its consultant technical experts supports a further program of targeted drilling designed to extend and expand on the interpreted high grade shoots, particularly at Gettysberg. Further geological prospecting and surface geochemical sampling to augment existing drill results may be required to assist in the definition of additional drill targets at Sellheim, Marrakesh, Pradesh and other prospects within this prospective belt.

### **2018 Exploration program**

A program of targeted RC and / diamond drilling has been designed to further assess the potential of the Gettysberg prospect based on the detailed structural modelling that has assisted in delineating the geometry and control on the interpreted high grade shoots.

The high grade gold mineralisation intersected in hole MGTRC016 at Gettysberg (35m @ 6.1 g/t gold from 33m (including 5m @ 37.1 g/t gold)) occurs at the southern end of the prospect and consists of fine (stygolitic) veins of chlorite-pyrite-quartz and quartz vein breccia, primarily hosted in fine sericite pyrite altered quartz sandstone. Visible gold has previously been located at the surface 50m to the west of the collar of hole MGTRC016.

The planned drilling program at Gettysberg is expected to consist of four to five 150m to 200m deep RC holes with potential for diamond tails on two to three of the holes targeting the high grade plunging shoots.

It is estimated that this program will cost in the order of \$150,000 to \$200,000 including preparation, supervision, assaying and detailed analysis of geological and geochemical data. Detailed costing of this program will be finalized in the coming weeks and will be reported in due course.

### **Timetable**

**Indicative timing:** Approximately March – June 2018.

<b>Activity</b>	<b>Completion date</b>
Finalise planning and approval for drilling program	Jan-Feb 2018.
Contracting of service providers	March 2018.
Mobilisation to site	March-April 2018.
Drilling and completion	April 2018.
Analysis and interpretation of exploration data.	April-May 2018.
Release of exploration results.	May 2018.
Planning and recommendation for follow-on work	July 2018.

In summary, the project review has determined that overall the

Pyramid project remains prospective for higher grade mineralisation, particularly at the Gettysberg prospect, and further exploration along the Pradesh – Sellheim zone is likely to yield further mineralisation with scope for expansion of the previously defined high grade shoots.

### Southern Queensland Projects

(Includes; Yarrol EPM8402, Mt Steadman EPM12834, Gooroolba EPM 15426).

No significant exploration work was undertaken on the Southern Queensland Project during the December quarter.

### Tenement Status

Lease		Current Area	Area Units	Grant Date	Expiry Date	Holder	EA
<b>Mt Garnet</b>							
ML20066		1.5	Hectares	30-Jan-92	30-Jun-21	AVIR	EPSL00266113
<b>Pyramid</b>							
EPM12887		16	Sub-Blocks	5-Aug-04	4-Aug-20	MGTM	EPSX00705113
EPM19554		14	Sub-Blocks	16-Dec-14	15-Dec-19	MGTM	EPSX00705113
EPM25154		49	Sub-Blocks	23-Feb-15	22-Feb-20	AVIR	EPSX00899513
<b>Southern Queensland</b>							
EPM12834		4	Sub-Blocks	17-Dec-99	16-Dec-18	MGTM	EPSX00600613
EPM15426		25	Sub-Blocks	15-May-06	14-May-19	MGTM	EPSX00157213
EPM8402		4	Sub-Blocks	13-Nov-91	12-Nov-18	MGTM	EPSX0060071

### Competent Person's Statement

The information contained in this announcement relating to exploration results were previously announced to ASX by the Company on 11 August 2015 in an announcement titled "More High Grade Gold Intersections at the Pyramid Project" (**Previous Announcement**) with the written consent of Dr Simon Beams.

The Company is not aware of any new information or data that materially affects the information included in the Previous Announcement.

**-ENDS-**

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Avira Resources Limited

**ABN**

38 131 715 645

**Quarter ended ("current quarter")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter (Dec 2017) \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(20)	(120)
(b) development	-	-
(c) production	-	-
(d) staff costs (including Director Fees)	(28)	(105)
(e) administration and corporate costs	(68)	(258)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds		-
1.8 Other (provide details if material)	14	14
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(101)</b>	<b>(468)</b>

Consolidated statement of cash flows	Current quarter (Dec 2017) \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	- <sup>1</sup>	140
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	63 <sup>2,3</sup>	205
3.6 Repayment of borrowings	(9)	(9)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>54</b>	<b>336</b>

<sup>1</sup>At the end of the December 2017 Quarter the Company held \$726,599.40 in Trust. The monies made up part of on the funds raised in the placement announced to ASX on 8 November 2017 and approved by Shareholders at the general meeting held on 22 December 2017. The Shares were issued on the 3<sup>rd</sup> of January 2018, therefore all proceeds and costs relating to the raise will be reflected in the March 2018 Quarter.

<sup>2</sup>\$15,000 of the borrowed funds were drawn down from the director's line of credit announced to ASX on 12 October 2017

<sup>3</sup>The remaining proceeds of borrowings were drawn down from Niflheim as per the extension of line of credit announced to ASX on 25 October 2017

<b>Consolidated statement of cash flows</b>		<b>Current quarter (Dec 2017) \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	53	138
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(101)	(468)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	54	336
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6</b>	<b>6</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
<i>At the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>		
5.1 Bank balances	6	53
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6</b>	<b>53</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	(8)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of director's fees, reimbursements and corporate administration expenses including rent.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	60	60
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
On 16 October 2017, the directors line of credit was drawn down by 5K each.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	(140)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(30)
9.5 Administration and corporate costs	(80)
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>(250)</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	ML20066	100%	100%	Nil
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
Company Secretary

Date: 31 January 2018

Print name: Sonu Cheema

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.