



ANNUAL REPORT

2022

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CORPORATE INFORMATION

ABN 48 116 296 541

DIRECTORS

Brett Clark

(Executive Chairman & CEO)

Kevin Dundo

(Non-executive Director)

Winnie Lai Hadad

(Non-executive Director)

Roger Harris

(Non-executive Director)

Dr Geoffrey Xue

(Non-executive Director)

COMPANY SECRETARY

Graeme Smith

REGISTERED OFFICE

Suite 6, 100 Mill Point Road

South Perth WA 6151

PRINCIPAL PLACE OF BUSINESS

Suite 6, 100 Mill Point Road

South Perth WA 6151

SOLICITORS

Thomson Geer Lawyers

Level 27, Exchange Tower,

2 The Esplanade, Perth WA 6000

BANKERS

National Australia Bank Limited

Level 14, 100 St George's Terrace

Perth, WA 6000

SHARE REGISTER

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth, WA 6000

Telephone: 1300 787 272

AUDITORS

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road

Subiaco WA 6008

INTERNET ADDRESS

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STOCK EXCHANGE LISTING

Avenira Limited shares are listed on the:

Australian Securities Exchange (Code: AEV)

DIRECTORS' REPORT

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 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of signing 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. (*Executive Chairman and CEO*)

Mr. Clark is a senior executive with 30 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 Australia, Africa, Asia, Latin America and North America. His funding experience includes bond raisings, debt restructuring, equity, and mezzanine financing in the US and Asian capital markets.

Shares Held – Nil

Options Held – 12,000,000 options ex @ \$0.02 expiring 30/11/22
12,000,000 options ex @ \$0.03 expiring 30/11/22

Other Current Listed Company Directorships

Nil

Former Listed Company Directorships in the last 3 years

Nil

Winnie Lai Hadad, B. Com, MSc, BA, CPA, AusIMM (*Non-executive Director*)

Ms Lai Hadad has expertise in change management, corporate governance and business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia. Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

Shares Held – Nil

Options Held – 6,000,000 options ex @ \$0.02 expiring 30/11/22
6,000,000 options ex @ \$0.03 expiring 30/11/22

Other Current Listed Company Directorships

Non-Executive Director of Vonex Limited

Former Listed Company Directorships in the last 3 years

Nil

Special Responsibilities

Chair of the Audit Committee; Member of the Remuneration and Nomination Committee

DIRECTORS' REPORT

Kevin Dundo, LLB, B. Com, FCPA (*Non-executive Director*)

Mr Kevin Dundo is a practicing lawyer, specialising in commercial and corporate law and in particular, mergers and acquisitions, with experience in the mining services and financial services industries. He is a member of the Law Society of Western Australia, Law Council of Western Australia, Australian Institute of Company Directors and a Fellow of the Australian Society of Certified Practising Accountants.

| | | | |
|---------------|-----------|----------------|---|
| Shares Held – | 7,031,250 | Options Held – | 6,000,000 options ex @ \$0.02 expiring 30/11/22 |
| | | | 6,000,000 options ex @ \$0.03 expiring 30/11/22 |
| | | | 260,416 options ex @ \$0.022 expiring 30/04/24 |

Other Current Listed Company Directorships

Non-executive Chairman of Red 5 Limited

Former Listed Company Directorships in the last 3 years

Non-executive Director of Cash Converters International Limited

Non-executive Director of Imdex Limited

Special Responsibilities

Chair of the Remuneration and Nomination Committee; Member of the Audit Committee

Roger Harris, B(App)Sc (*Non-executive Director*) (*appointed 8 July 2021*)

Mr Harris has a B App Science and was the founding director / owner of a large service based company with branches in Western Australia and SE Asia and managed the exit sale that was ultimately acquired by a multi national top 25 ASX listed company. Mr Harris has continued to operate a family office for 30 years investing in the natural resources sector and other asset classes and continues in the development and growth of business' through mergers and acquisitions.

| | | | |
|---------------|------------|----------------|--|
| Shares Held – | 12,734,794 | Options Held – | 434,621 options ex @ \$0.022 expiring 30/04/24 |
|---------------|------------|----------------|--|

Other Current Listed Company Directorships

Nil

Former Listed Company Directorships in the last 3 years

Nil

Special Responsibilities

Member of the Audit Committee

Dr Geoffrey Xunxing Xue, BSc, MSc, PhD, AusIMM (*Non-executive Director*) (*appointed 23 July 2021*)

Dr Xue has both a PhD in Economic Geology and a Masters in Economic Geology as well as a Bachelor (Honours) in Geology. Dr Xue has more than 10 years' experience in mining and investment banking in Australia and has had significant experience in gold project development from exploration through resource definition and feasibility study to commercial production. Dr Xue is currently the Project Manager at Anova Metals Ltd (AWV) and previously a senior executive in KPMG Corporate Finance.

| | | | |
|---------------|-----|----------------|-----|
| Shares Held – | Nil | Options Held – | Nil |
|---------------|-----|----------------|-----|

Other Current Listed Company Directorships

Nil

Former Listed Company Directorships in the last 3 years

Nil

Special Responsibilities

Member of the Remuneration and Nomination Committee

COMPANY SECRETARY

Graeme Smith, B.Ec, MBA, MComLaw, FCPA, FCG (CS, CGP), FGIA

Mr. Smith is the principal of Wembley Corporate Services which provide corporate secretarial, chief financial officer and corporate governance services. Mr. Smith has over 30 years' experience in company secretarial work.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year, was the development of the Jundee South project in Western Australia and the Wonarah Phosphate Project in the Northern Territory. The Group's operations are discussed in the Review of Operations section of this report.

CONSOLIDATED RESULTS

| | YEAR END 30 JUNE 2022 \$ | YEAR END 30 JUNE 2021 \$ |
|--|--------------------------------|--------------------------------|
| Consolidated loss before income tax expense from continuing operations | (2,875,209) | (2,105,959) |
| Income tax benefit | - | - |
| LOSS FOR THE YEAR | (2,875,209) | (2,105,995) |

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.

DIRECTORS' REPORT

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% OWNED)

SUMMARY

The Wonarah Project is one of Australia's largest undeveloped phosphate projects. Located between Tennant Creek and Mount Isa, the project area is adjacent to the national highway and a high-quality water source. The nearby rail infrastructure at Tennant Creek offers significant capacity upgrade capability and the Northern Gas Pipeline runs through the Project area.



Figure 1 Location map of Wonarah Phosphate Project

- Considered to be one of Australia's largest phosphate projects:
 - Measured Resource of 64.9 Mt @ 22.4% P_2O_5
 - Indicated Resource of 133 Mt @ 21.1% P_2O_5
 - Inferred Resource of 352 Mt @ 21% P_2O_5 (15% cut-off)
- Excellent infrastructure
 - Northern Gas Pipeline runs through the project area.
 - Adjacent to national highway and a high-quality water source
 - Port and rail are under capacity allowing easy expansion of Wonarah project
- Scoping study commenced and ongoing to investigate production of critical end products for both Lithium Iron Phosphate (LFP) batteries and fertiliser industries

DIRECTORS' REPORT

Several milestones have been achieved during the past year which have assisted to move the Wonarah Project towards development.

PROJECT MANAGER APPOINTMENT

Brian Campbell, an experienced chemical engineer, was appointed as Project Manager for the Wonarah Phosphate Project. Mr Campbell has a history of leading engineering teams specializing in phosphate for leading global engineering organisations including roles with Worley and ThyssenKrupp. Prior to joining Avenira, Mr Campbell was Managing Director for PyroPhos Resources which developed a phosphoric acid project in Jordan.

SCOPING STUDY

Under the guidance of Project Manager, Brian Campbell, a Scoping Study commenced to investigate the potential for development of the Wonarah Phosphate Project to supply products for the Lithium Iron Phosphate (LFP) battery market. LFP batteries are widely used in electric vehicles and energy storage solutions and demand is currently at unprecedented levels. At the end of the reporting period the scoping study was nearing completion.

RARE EARTH ELEMENT REVIEW

A review of the Rare Earth Element (REE) potential adjacent to the Wonarah project was undertaken, culminating with a release to the ASX on 23 June 2022. At this time, a total of 282 samples had been analysed for REEs. There were several anomalous intersections within (MPH unit) or stratigraphically above (CMU unit) the existing phosphate mineralisation, with these intersections in the main not having been analysed for all 16 REEs.

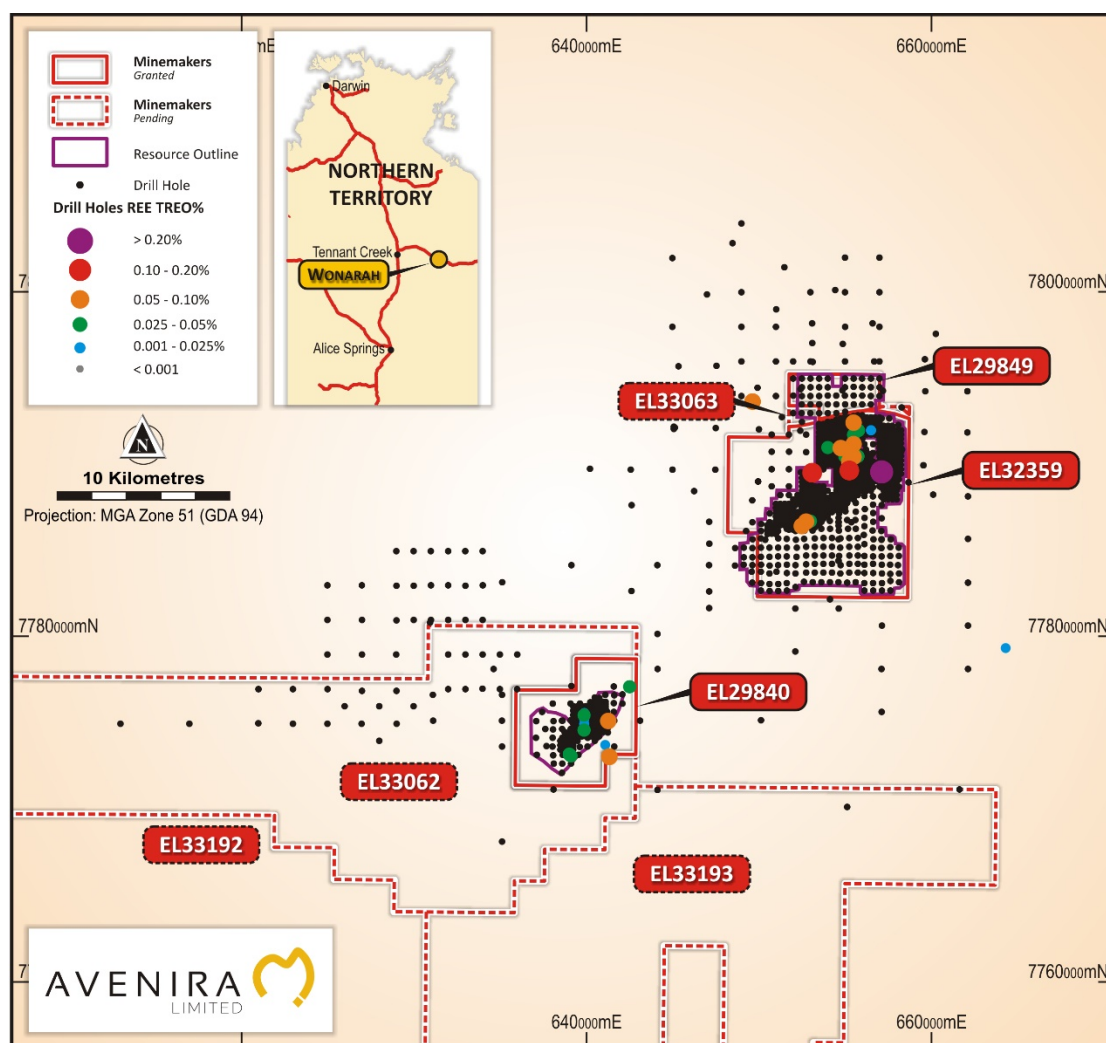


Figure 2 REE Sample Locations

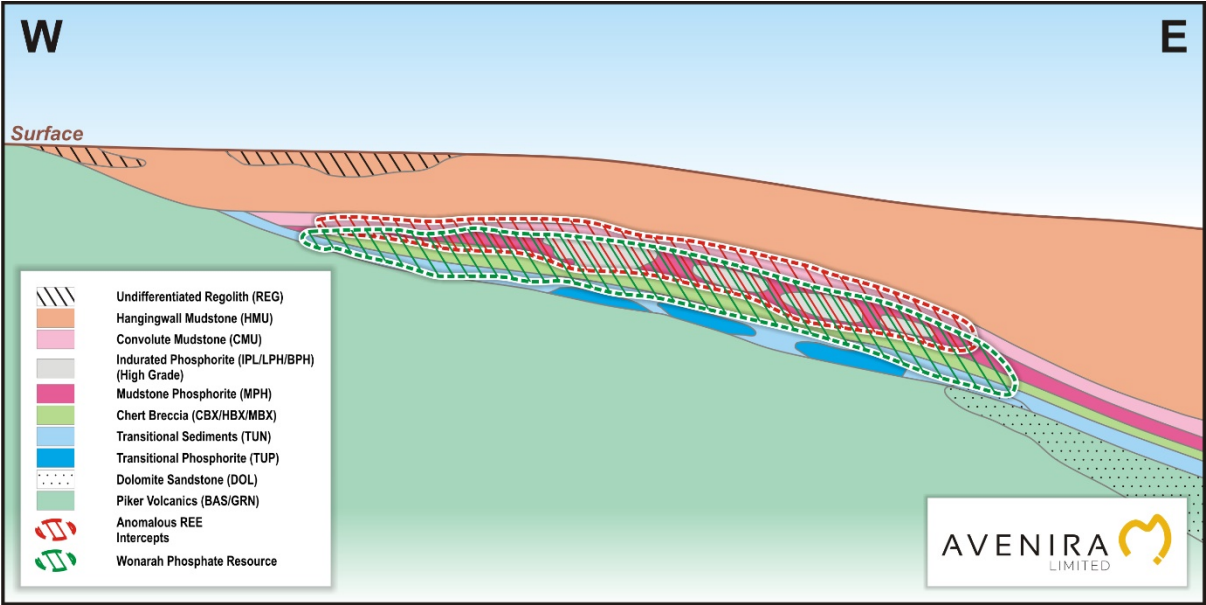


Figure 3 Stylised Cross Section showing stratigraphy with horizons containing anomalous REE analyses and the Wonarah Phosphate Resource

DIRECTORS' REPORT

Significant REE intersections include:

| HOLEID | WON035 | WNWE004 | WNRC0298 | WNRC0909 | WNRC0590 | WNRC0338 | WNRC0298 | WNRC0298 | WNRC0327 | WNRC0408 | WNRC0477 |
|-------------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| EAST (m) | 657129 | 653093 | 655249 | 656252 | 652999 | 652497 | 655249 | 655249 | 655500 | 655497 | 655502 |
| NORTH (m) | 7789677 | 7789604 | 7789747 | 7792371 | 7787122 | 7786501 | 7789747 | 7789747 | 7792502 | 7790500 | 7791252 |
| RL (m) | 246 | 252 | 254 | 277 | 297 | 267 | 253 | 255 | 238 | 248 | 241 |
| STRAT | CMU | CMU | MPH | MPH | MPH | MPH | MPH | MPH | MPH | MPH | MPH |
| ANALYTES | 4 | 15 | 4 | 15 | 15 | 4 | 4 | 4 | 4 | 4 | 4 |
| TREE (ppm) | 1796 | 1061 | 933 | 801 | 737 | 673 | 682 | 668 | 578 | 518 | 494 |
| TREO (%) | 0.210 | 0.128 | 0.114 | 0.097 | 0.089 | 0.084 | 0.083 | 0.082 | 0.070 | 0.063 | 0.060 |
| THREO/TREO* | 0% | 49% | 51% | 47% | 47% | 59% | 50% | 51% | 49% | 47% | 44% |
| FROM (m) | 40 | 45 | 32 | 30 | 27 | 30 | 33 | 31 | 36 | 36 | 45 |
| TO (m) | 41 | 46 | 33 | 34 | 31 | 31 | 34 | 32 | 37 | 37 | 46 |
| P2O5 (%) | 1 | - | 33 | 15 | 13 | 26 | 26 | 19 | 20 | 14 | 18 |
| LREE (ppm) | Ce | 750 | 209 | 300 | 157 | 150 | 165 | 220 | 200 | 185 | 165 |
| | Eu | | 5 | | 5 | 5 | | | | | |
| | Gd | | 32 | | 26 | 23 | | | | | |
| | La | 550 | 116 | 180 | 104 | 96 | 130 | 135 | 140 | 120 | 120 |
| | Nd | 410 | 131 | | 97 | 90 | | | | | |
| | Pr | | 32 | | 23 | 22 | | | | | |
| | Sm | 86 | 29 | | 21 | 19 | | | | | |
| HREE (ppm) | Dy | | 45 | | 23 | 23 | | | | | |
| | Er | | 26 | | 18 | 16 | | | | | |
| | Ho | | 10 | | 6 | 5 | | | | | |
| | Lu | | 3 | | 2 | 2 | | | | | |
| | Sc | | | 13 | | | 43 | 12 | 13 | -2 | 13 |
| | Tb | | 6 | | 4 | 4 | | | | | |
| | Tm | | 3 | | 2 | 2 | | | | | |
| | Y | | 396 | 440 | 297 | 267 | 335 | 315 | 315 | 275 | 220 |
| | Yb | | 21 | | 15 | 13 | | | | | |

Table 1: Significant REE intersections

TENURE

The Wonarah Phosphate Project comprises of three granted exploration licences covering 1,452 km² over 7 licences. This is an increase from 152 km² over 3 licences as of 30 June 2021.

DIRECTORS' REPORT

| Tenement ID | Status | Area (approx km ²) |
|-------------|---------|--------------------------------|
| EL32359 | LIVE | 99 |
| EL29840 | LIVE | 42 |
| EL29849 | LIVE | 11 |
| EL33062 | PENDING | 373 |
| EL33063 | PENDING | 3 |
| EL33192 | PENDING | 462 |
| EL33193 | PENDING | 462 |

Table 2: Wonarah Phosphate Tenement Status

ANNUAL MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2022

| WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA | | | | | | | | | | | | |
|--|----------------------|--------------|------------------------------------|-------------------------------------|----------|-------------------------------------|-----------------------|----------|----------|------------------------|-----------------------|-----------------------|
| Cut off P ₂ O ₅ % | Resource Category | Tonnes Mt | 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 % |
| 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 | 512 | 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 | 335 | 21 | 4.5 | 28 | 2.0 | 0.5 | 0.2 | 0.10 | 0.06 | 39 | 0.2 |

Table 3: Wonarah Mineral Resource Statement

| ANNUAL CHANGE IN RESOURCE CATEGORY WONARAH PROJECT | | | | |
|---|------------------------|---------------------------------|------------------------|---------------------------------|
| Category | Inferred (10% cut-off) | | Inferred 15% (cut-off) | |
| | Tonnes (M) | % P ₂ O ₅ | Tonnes (M) | % P ₂ O ₅ |
| 2019 | 542 | 18 | 352 | 21 |
| 2020 | 512 | 18 | 335 | 21 |
| Change | -30 | - | -17 | - |

Table 4: Change in Mineral Resource Statement

The Mineral Resource estimates for the Wonarah project have decreased by approximately 5% in the Inferred Resource category for tonnage. The grades remain unchanged from the 2019 estimates. The estimates for the Measured Resource and Indicated Resource categories remain unchanged from 2019. The decrease in the Inferred Resource category is due to a reduction in tenement area peripheral to the main mineralized zones.

The mineral resource statement is based on, and fairly represents, information and supporting documentation prepared by a Competent Person.

The mineral resources statement as a whole is approved by Russell Fulton, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Fulton is employed by Russell Fulton Pty Ltd. Mr. Fulton was the former Geological Manager and a full-time employee of the Company and now provides geological consulting services to the Company. Mr. Fulton has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fulton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

JUNDEE SOUTH GOLD PROJECT, WESTERN AUSTRALIA (100% OWNED)

The Yandal Greenstone belt is located in the north-eastern part of the Norseman-Wiluna belt of the Archaean Craton in Western Australia. It is one of few Archaean greenstone belts containing multiple million-ounce deposits, including Jundee, Bronzewing and Darlot (Figure 4).

The Jundee South Project area is located within 3km of the Jundee Mine and covers more than a 60km strike of highly prospective greenstone stratigraphy. The Project area contains major regional structures interpreted to control gold mineralisation throughout the Yandal Greenstone Belt and contains a number of historically defined gold occurrences.

Access is via a well-established road system. Accommodation and facilities including flight services are well established in the district, given the number of operating mines in the area.

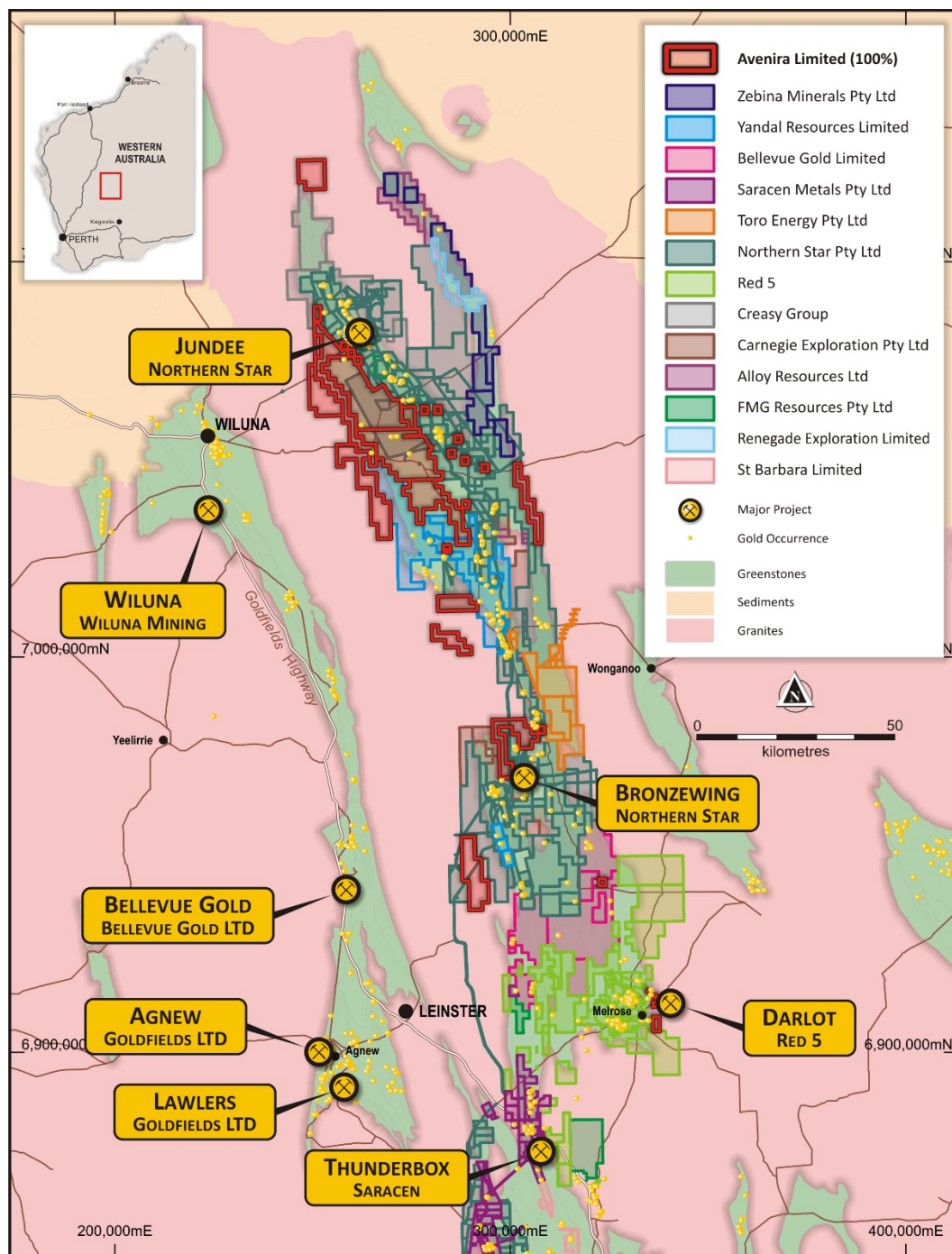


Figure 4: Jundee South Project location map

DIRECTORS' REPORT

During the period, the following achievements were recorded to advance the Jundee South Gold Project.

EXPLORATION INCENTIVE SCHEME (EIS)

A successful application was made to the Department of Mine, Industry and Regulation Safety for funds to assist with testing of the Jundee Mine Sequence at depth west of the Nimary Fault adjacent to Jundee Mine and for the presence of the Nimary Fault from TEMPEST, geological and aeromagnetic data. This funding provides 50% of the direct drilling costs for the approved targets. Funding is available until the end of November 2022.

REVERSE CIRCULATION (RC) DRILLING PROGRAM

A drilling program comprising 23 holes for 4,894m was completed in Q4 2021. This program was designed to test for depth extensions beneath priority regolith intercepts.

Figure 5 shows the locations of holes drilled and summary statistics for each target.

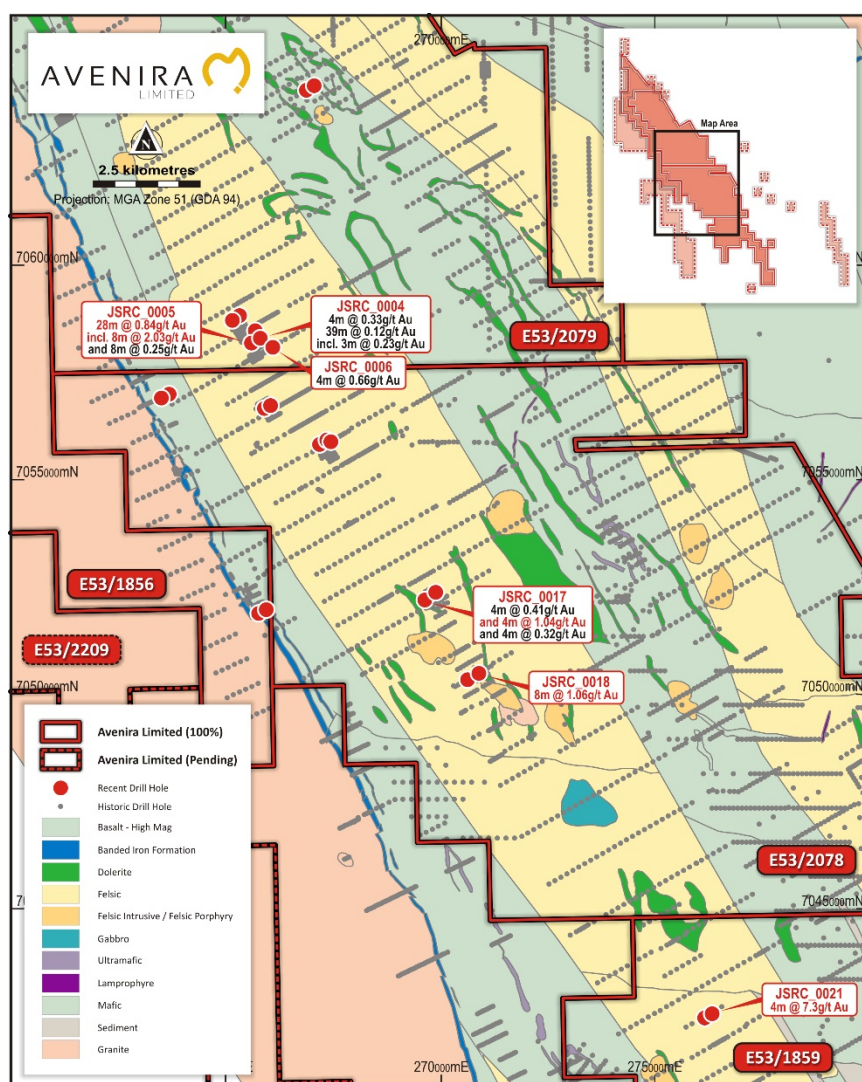


Figure 5. Location of holes drilled and summary statistics for targets tested.

MAIDEN RC DRILLING PROGRAM RESULTS

On 29 June 2022, the Company compiled a release to the ASX stating that it had received all composite sample results from its maiden RC drilling program at Jundee. The location of the holes drilled, and these significant intercepts are displayed in Figure 5 and tabulated in Table 5.

DIRECTORS' REPORT

| Hole | From | To | Width | Grade (g/t Au) | Comment |
|------------------|------------|------------|----------|----------------|---|
| JSRC_0002 | 104 | 108 | 4 | 0.12 | Felsic Porphyry, 12% Qtz veins |
| JSRC_0003 | 108 | 112 | 4 | 0.10 | 6% Qtz veins |
| JSRC_0003 | 180 | 184 | 4 | 0.11 | Felsic Porphyry, 2% Qtz veins, minor py |
| JSRC_0003 | 200 | 204 | 4 | 0.10 | Felsic Porphyry |
| JSRC_0004 | 24 | 28 | 4 | 0.33 | Minor quartz vein |
| JSRC_0004 | 96 | 100 | 4 | 0.10 | Saprock contact, Felsic Porphyry |
| JSRC_0004 | 149 | 188 | 39 | 0.12 | NS 144-149, minor qtz vein + pyrite |
| Including | 149 | 152 | 3 | 0.23 | |
| JSRC_0005 | 48 | 52 | 4 | 0.12 | Minor quartz veining |
| JSRC_0005 | 100 | 128 | 28 | 0.84 | Minor quartz veining |
| Including | 100 | 108 | 8 | 2.03 | |
| JSRC_0005 | 180 | 196 | 16 | 0.18 | Structure with high water flow, minor qtz vein & pyrite |
| including | 180 | 188 | 8 | 0.25 | |
| JSRC_0005 | 212 | 216 | 4 | 0.20 | Minor quartz veining |
| JSRC_0006 | 136 | 140 | 4 | 0.66 | 10% quartz vein |
| JSRC_0014 | 176 | 180 | 4 | 0.12 | Mafic schist, minor quartz vein and pyrite |
| JSRC_0016 | 16 | 20 | 4 | 0.10 | Felsic saprolite, minor quartz veining |
| JSRC_0016 | 220 | 224 | 4 | 0.19 | Intermediate Porphyry, 1% Qtz vein |
| JSRC_0017 | 36 | 40 | 4 | 0.41 | Minor quartz vein |
| JSRC_0017 | 144 | 148 (EOH) | 4 | 0.21 | Minor quartz vein & pyrite |
| JSRC_0017 | 156 | 160 | 4 | 1.04 | 15% quartz vein |
| JSRC_0017 | 280 | 284 | 4 | 0.32 | Felsic porphyry – no vein/pyrite |
| JSRC_0018 | 80 | 88 | 8 | 1.06 | 20% quartz vein |
| JSRC_0018 | 164 | 180 | 16 | 0.14 | Felsic Porphyry, minor qtz vein & minor py |
| JSRC_0018 | 208 | 228 | 20 | 0.12 | Felsic Porphyry, 6% qtz vein & minor py |
| JSRC_0018 | 236 | 240 | 4 | 0.11 | Felsic Porphyry, 2% qtz vein & minor py |
| JSRC_0019 | 224 | 228 | 4 | 0.11 | Felsic Porphyry (EOH) |
| JSRC_0020 | 72 | 84 | 12 | 0.13 | Felsic Porphyry with up to 8% Quartz veining & 2% oxidized sulphide |
| JSRC_0021 | 68 | 72 | 4 | 0.13 | Intermediate Porphyry |
| JSRC_0021 | 160 | 164 | 4 | 7.29 | Intermediate Porphyry with 4% Quartz veining and 4% disseminated pyrite |
| JSRC_0021 | 164 | 168 | 4 | 0.15 | Change in unit colour – intermediate porphyry |
| JSRC_0022 | 64 | 68 | 4 | 0.10 | Dacite. Saprock transition |

Table 5. Mineralised intersections from the Q4 RC program at Jundee South

Four of these intercepts are deemed as significant (JSRC_021, JSRC_005, JSRC_018, and JSRC_017). These results are described in more detail below:

Significant intercept – 4m @ 7.29g/t Au in JSRC_0021

The intercept is a down-dip bedrock extension of the targeted anomaly in gcmDTRB289 (4m @ 0.87g/t Au). The intercept is at a contact between two Intermediate porphyries, one being hematite rich. The contact is distinguished by weak disseminated pyrite and quartz veining. The anomaly appears to sit along a magnetic high which links to the historic anomaly of 4m @ 0.63g/t Au 640m to the SE.

DIRECTORS' REPORT

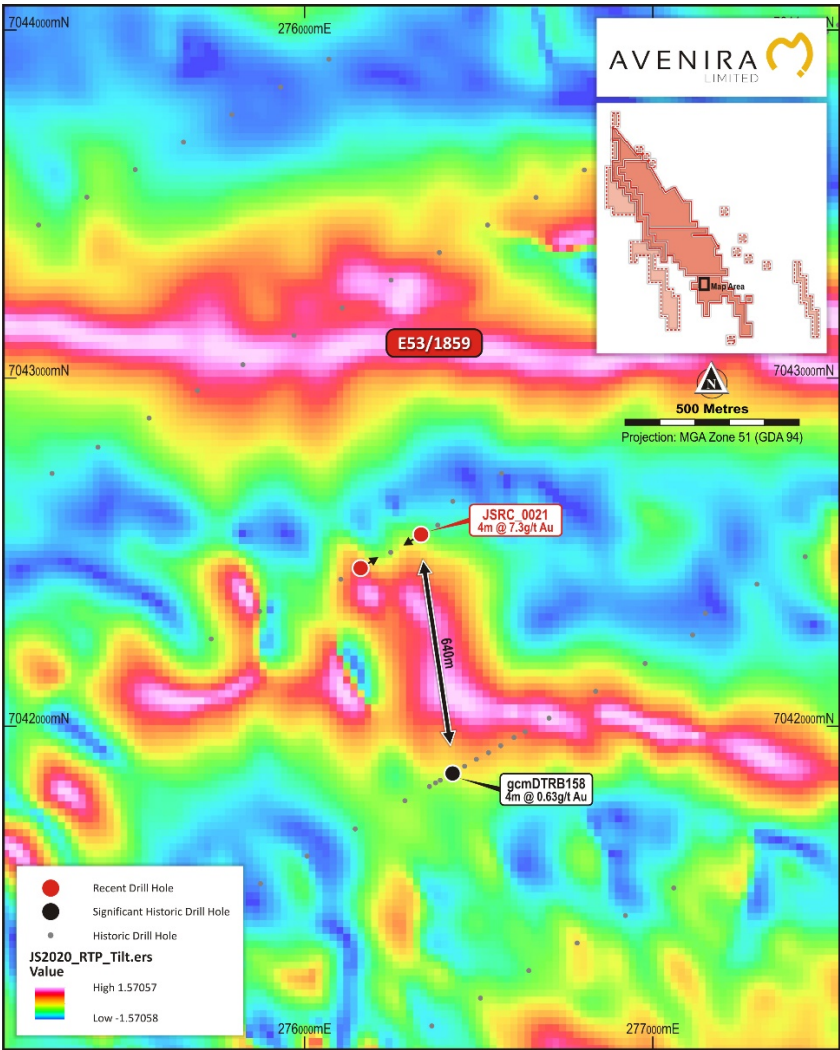


Figure 6. Plan showing intercepts adjacent to JSRC_0021 and existing drilling over RTP_Tilt Aeromagnetics

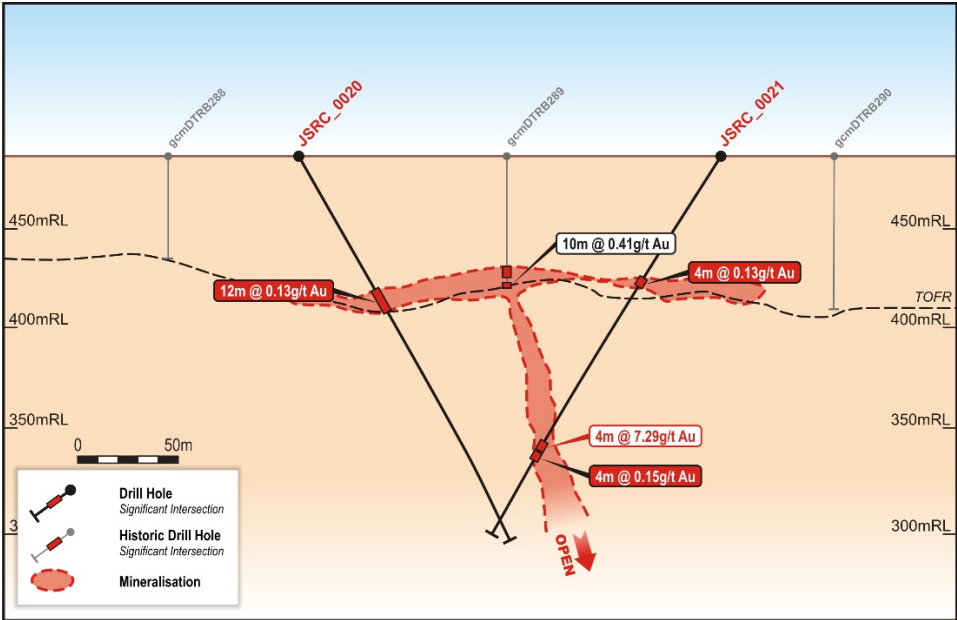


Figure 7. Cross Section showing intercepts for JSRC_0021 and adjacent drilling.

DIRECTORS' REPORT

Significant intercept – 28m @ 0.84g/t Au including 8m @ 2.03g/t Au in JSRC_0005

The anomaly is hosted within a felsic porphyry with minor quartz veining. The anomaly lies on a 1200m long zone of anomalism which parallels but is offset from a highly magnetic feature. Potential exists on the SE half of this trend where little drilling has been undertaken. Potential also exists at depth with the anomaly being at the bedrock interface.

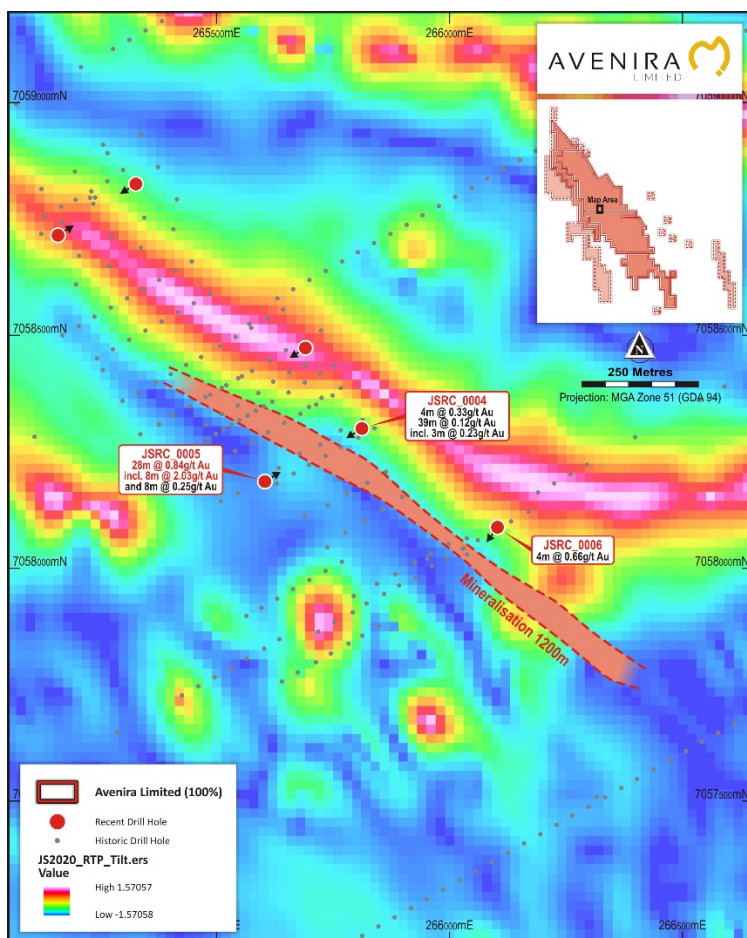


Figure 8. Plan showing intercepts adjacent to JSRC_0005 and existing drilling over RTP_Tilt Aeromagnetics

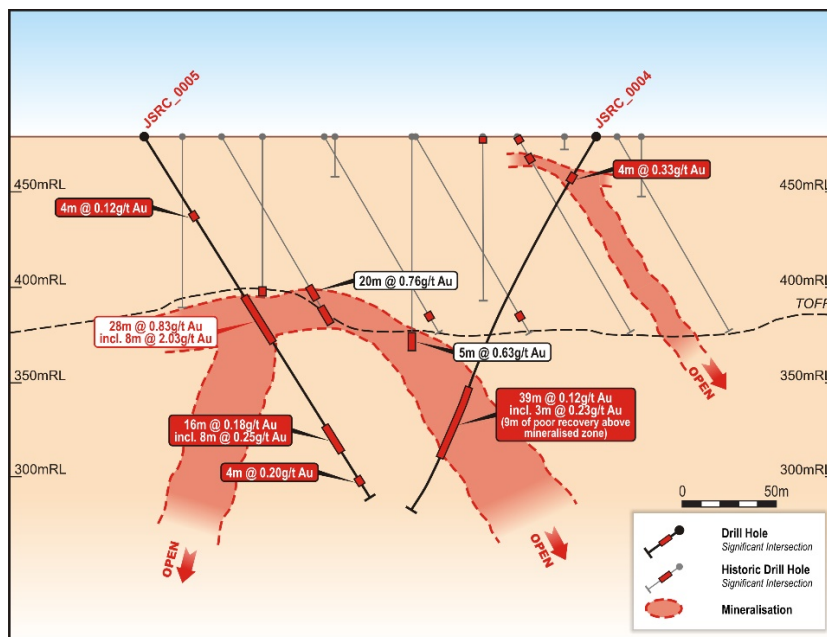


Figure 9. Cross Section showing intercepts for JSRC_0005 and adjacent drilling.

DIRECTORS' REPORT

Significant intercept – 8m @ 1.06g/t Au in JSRC_0018

Mineralisation quartz vein hosted within a felsic porphyry. This porphyry has a NW trend and an untested strike length of 600m. The intersection is at the bedrock interface and has potential at depth.

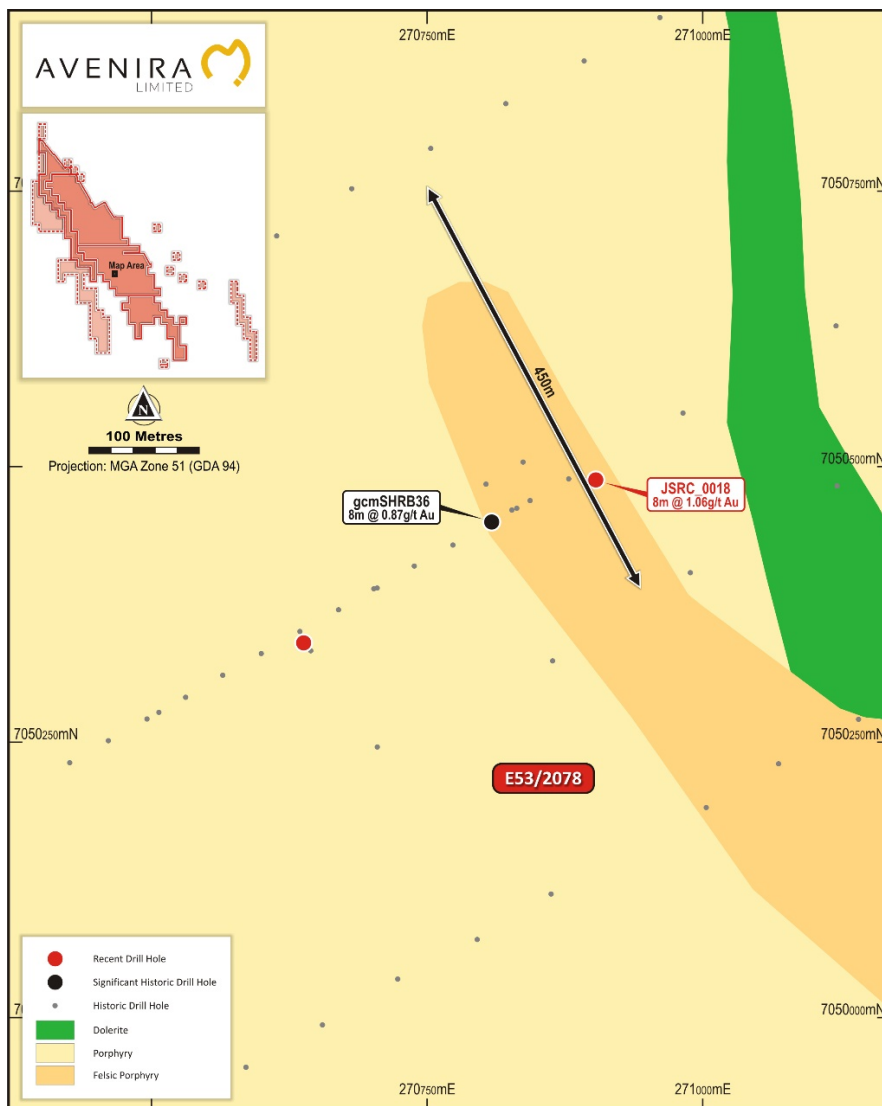


Figure 10. Plan showing intercepts adjacent to JSRC_0018 and existing drilling over Geological Interpretation

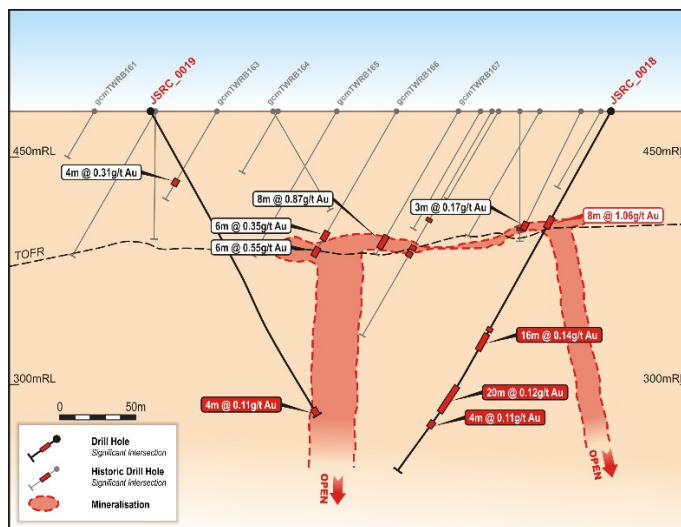


Figure 11. Cross Section showing intercepts for JSRC_0018 and adjacent drilling.

DIRECTORS' REPORT

Significant intercept – 4m @ 1.04g/t Au in JSRC_0017

JSRC_0017 tested beneath historic intercepts of 3m @ 0.45g/t Au, 7m @ 0.24g/t Au and 1m @ 0.78g/t Au in holes JSA20_125, JSA20_297 and JSA20_123 respectively, which were redox front anomalies associated with quartz veining. JSRC_0017 was hosted in a moderately weathered felsic volcanic with moderate quartz veining and minor disseminated sulphide. Potential exists at depth and along strike 400m to the ESE where historic hole gcmSHRB36 contains 4m @ 9.68g/t Au.

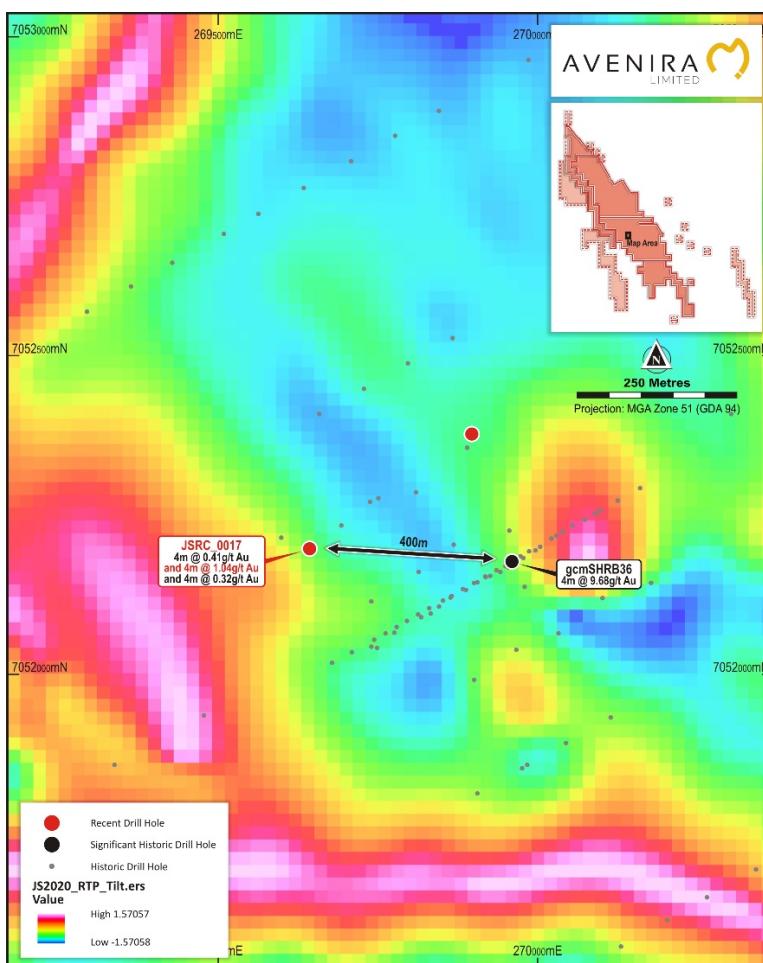


Figure 12. Plan showing intercepts adjacent to JSRC_0017 and existing drilling over RTP Tilt Aeromagnetics.

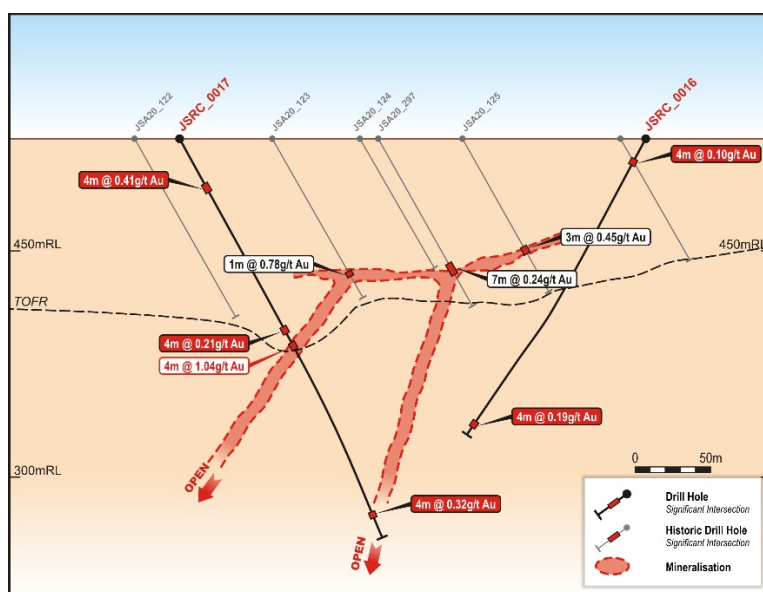


Figure 13. Cross Section showing intercepts for JSRC_0017 and adjacent drilling.

DIRECTORS' REPORT

In addition to this drilling success, the Jundee South Project has advanced the discussions around long-term land access and increased the tenured land area.

HERITAGE ACCESS AGREEMENT

Significant advancements were made in negotiations with the Tarlka Matuwa Piarku Aboriginal Corporation (**TMPAC**) towards execution of a long-term land access agreement. A meeting was held with the TMPAC board during the final quarter of the reporting period to discuss the agreement and work towards finalising the agreement to commencing a long-term mutually beneficial relationship.

TENURE

The Jundee South Project has continued to expand organically, expanding from 6 licences over 582km² on 30 June 2021, to 1123km² over 36 licences on 30 June 2022.

| Tenement ID | Status | Area (approx km ²) |
|-------------|---------|--------------------------------|
| E 36/1021 | PENDING | 70 |
| E 36/1029 | PENDING | 79 |
| E 37/1474 | PENDING | 6 |
| E 37/1489 | PENDING | 3 |
| E 53/1856 | LIVE | 105 |
| E 53/1859 | LIVE | 104 |
| E 53/2078 | LIVE | 176 |
| E 53/2079 | LIVE | 194 |
| E 53/2204 | PENDING | 61 |
| E 53/2205 | PENDING | 34 |
| E 53/2207 | PENDING | 6 |
| E 53/2208 | PENDING | 9 |
| E 53/2209 | PENDING | 101 |
| E 53/2210 | PENDING | 31 |
| E 53/2211 | PENDING | 3 |
| E 53/2212 | PENDING | 43 |
| E 53/2213 | PENDING | 3 |
| E 53/2214 | PENDING | 3 |
| E 53/2215 | PENDING | 3 |
| E 53/2216 | PENDING | 3 |
| E 53/2217 | PENDING | 3 |
| E 53/2218 | PENDING | 3 |
| E 53/2219 | PENDING | 3 |
| E 53/2220 | PENDING | 3 |
| E 53/2237 | PENDING | 15 |
| E 53/2238 | PENDING | 3 |
| E 69/4020 | PENDING | 46 |
| P 37/9539 | LIVE | 1 |
| P 37/9593 | PENDING | 1 |
| P 37/9594 | PENDING | 1 |

DIRECTORS' REPORT

| Tenement ID | Status | Area (approx km ²) |
|-------------|---------|--------------------------------|
| P 37/9595 | PENDING | 2 |
| P 37/9596 | PENDING | 1 |
| P 37/9630 | PENDING | 1 |
| P 37/9631 | PENDING | 1 |
| P 53/1712 | LIVE | 1 |

Table 6: Jundee South Tenement Status

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results is based on and fairly represents information and supporting documentation prepared by Mr. Steve Harrison, a Competent Person who is a member of the Australian Institute of Geoscientists (AIG). Mr. Harrison is an employee of Avenira Limited and is a holder of options and shares in the company. Mr. Harrison has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Harrison consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

DIRECTORS' REPORT

INVESTMENTS AND CORPORATE INFORMATION

BOARD AND EXECUTIVE CHANGES

In July 2021 the Company welcomed Roger Harris and Dr Geoffrey Xue to the Board as Non-executive Directors.

Mr. Harris and Dr Xue were appointed 8 July 2021 and 23 July 2021 respectively.

FINANCING

Fully Underwritten Entitlements Issue and Placement

During the year, the Company undertook a non-renounceable pro-rata entitlements issue (Entitlements Offer), under which eligible shareholders had the opportunity to subscribe for two New Shares for every eight existing shares held at the issue price of \$0.013 per share.

The Entitlements Offer raised \$1.4 million (before costs) and was fully underwritten.

In addition, the Company undertook a loan, which was repaid by the issue of 27 million shares at \$0.013 per share to raise \$351,000.

DIRECTORS' REPORT

FINANCIAL REVIEW

FINANCIAL INFORMATION

At 30 June 2022, the total closing cash balance was \$1,009,638 (2021: \$3,123,043). The Group has recorded an operating loss after income tax for the year ended 30 June 2022 of \$2,875,209 (2021: loss of \$2,105,959).

OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows

| | 2022 REVENUE \$ | 2021 RESULTS \$ |
|--|-----------------------|-----------------------|
| Consolidated entity activities before income tax | 10,179 | 29,026 |

Shareholder Returns

| | 2022 | 2021 |
|---|--------|--------|
| Basic loss per share from continuing operations (cents) | (0.32) | (0.26) |

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

Following the end of the financial year, the Company successfully undertook a placement to raise \$2.1 million.

On 21 September 2022, the Company announced it had signed a non-binding MOU in relation to the Wonarah Project with global LFP cathode manufacturer, Advanced Lithium Electrochemistry Ltd (Aleees) and the Northern Territory Government.

On 26 September 2022, the Company announced it had signed a non-binding MOU with LFP battery manufacturer, Aleees) to work towards the development of a Lithium Iron Phosphate (LFP) battery cathode manufacturing plant in Darwin using Avenira's flagship Wonarah Phosphate Project.

Other than as disclosed above, no event has occurred since 30 June 2022 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.

DIRECTORS' REPORT

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' 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 | 9 | 9 | * | * | * | * |
| Winnie Lai Hadad | 9 | 9 | 2 | 2 | - | - |
| Kevin Dundo | 9 | 9 | 2 | 2 | - | - |
| Roger Harris ⁽¹⁾ | 8 | 8 | * | * | * | - |
| Geoff Xue ⁽¹⁾ | 7 | 7 | 2 | 2 | - | - |

(1) Appointed 8th July and 23 July 2021 respectively.

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 100,076,281 unissued ordinary shares in respect of which options are outstanding.

| | NUMBER OF OPTIONS |
|--|--------------------|
| Share options | |
| Issued 24 December 2019 (\$0.02) | 24,000,000 |
| Issued 24 December 2019 (\$0.03) | 24,000,000 |
| Issued 08 September 2020 (\$0.025) | 6,000,000 |
| Issued 08 September 2020 (\$0.035) | 6,000,000 |
| Issued 21 September 2021 (\$0.02) | 1,500,000 |
| Issued 21 September 2021 (\$0.03) | 1,500,000 |
| Issues 29 April 2022 (\$0.02) | 37,076,281 |
| Total number of options outstanding as at the date of this report | 100,076,281 |

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Avenira Limited against

DIRECTORS' REPORT

costs incurred in defending proceedings for conduct involving:

- a. willful breach of duty; or
- b. a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid in 2022 is \$75,998 (2021: \$82,305)

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 19 - Remuneration of Auditors, to the Consolidated Financial Statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hall Chadwick WA Audit Pty Ltd, 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 Hall Chadwick during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

CORPORATE GOVERNANCE

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32.

DIRECTORS' REPORT

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

A. INTRODUCTION

The remuneration report for the year ended 30 June 2022 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 2022. Unless otherwise indicated, the individuals were KMP for the entire financial year.

| NAME | POSITION | TERM AS KMP |
|------------------|----------------------------|------------------------|
| Directors | | |
| Brett Clark | Executive Chairman and CEO | Full financial year |
| Winnie Lai Hadad | Non-executive Director | Full financial year |
| Kevin Dundo | Non-executive Director | Full financial year |
| Roger Harris | Non-executive Director | Appointed 8 July 2021 |
| Geoff Xue | Non-executive Director | Appointed 23 July 2021 |

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 23 for the number of Committee meetings held during the year. The Executive Chairman/CEO attends certain RNC meetings by invitation, where management input is required. The Executive Chairman/CEO is not present during any discussions relating to his own remuneration arrangements.

DIRECTORS' REPORT

Use of remuneration consultants

No remuneration consultants were engaged during the financial year.

Securities trading policy

The Groups 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 – 2021 Annual General Meeting (AGM)

The 2021 remuneration report was passed on a poll by 92% of votes cast at the 2021 AGM. 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 10.00%, 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)

In 2020, 48,000,000 Options were issued to the Directors as LTI's.
No LTI's were issued in 2022. Refer to Section G of the Remuneration Report for further details.

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.

Executive Chairman/CEO 2022 Short-Term Incentive

The Executive Chairman/CEO, Mr Brett Clark, is engaged pursuant to a Consultant Service Agreement, which provides for Mr Clark to participate in a short term incentive scheme on a yearly basis, being no more than an incentive payment of 50% of his yearly remuneration, based on certain non-financial measures.

A summary of the non-financial measures to be achieved and their weightings are set out in the table below:

| SUMMARY | % |
|---|----|
| Complete corporate transactions as directed by the Board | 30 |
| Arrange a sale of strategic asset | 30 |
| Complete as planned and in budget initial exploration on Jundee South and develop long term plan for the Jundee Project | 15 |
| Individual Performance Review | 25 |

The Board approved the final STI award based on assessment of performance against the non-financial measures.

Based on the assessment and following the end of the 2022 financial year, a bonus of \$80,000 was approved for the Executive Chairman and CEO Mr. Brett Clark of which \$40,000 will be issued in options to be approved at the Company's next AGM.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase the direct goal congruence between shareholders, directors and executives.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------------|-------------|-------------|-------------|-----------|
| EPS (cents) | (0.32) | (0.26) | (0.54) | (0.30) | (0.42) |
| Share Price | \$0.009 | \$0.007 | \$0.009 | \$0.006 | \$0.02 |
| Net Profit / (Loss) before discontinued operations | (2,875,209) | (2,105,959) | (3,395,173) | (3,084,624) | 3,225,309 |

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 | | LONG-TERM | | TOTAL CASH RELATED | SHARE-BASED PAYMENTS | | TOTAL REMUNERATION | PERFORMANCE RELATED |
|-------------------------------|---------------|----------------------|-----------------------------|-----------------|----------------------|--------------------|--------------|--------------------|----------------------|------------------------|--------------------|---------------------|
| | SALARY & FEES | BONUS ⁽⁴⁾ | NON-MONETARY ⁽³⁾ | SUPERANNUATION | TERMINATION BENEFITS | LONG SERVICE LEAVE | ANNUAL LEAVE | | PERFORMANCE RIGHTS | OPTIONS ⁽⁴⁾ | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Directors | | | | | | | | | | | | |
| Brett Clark | | | | | | | | | | | | |
| 2022 | 250,000 | 40,000 | 56,044 | 25,000 | - | - | - | 371,044 | - | 40,000 | 411,044 | - |
| 2021 | 250,000 | 45,000 | 46,688 | 23,750 | - | - | - | 365,438 | - | - | 365,438 | - |
| Winnie Lai Hadad | | | | | | | | | | | | |
| 2022 | 72,000 | - | - | 7,200 | - | - | - | 79,200 | - | - | 79,200 | - |
| 2021 | 72,000 | - | - | 6,840 | - | - | - | 78,840 | - | - | 78,840 | - |
| Kevin Dundo | | | | | | | | | | | | |
| 2022 | 72,000 | - | - | 7,200 | - | - | - | 79,200 | - | - | 79,200 | - |
| 2021 | 72,000 | - | - | 6,840 | - | - | - | 78,840 | - | - | 78,840 | - |
| Roger Harris ⁽¹⁾ | | | | | | | | | | | | |
| 2022 | 70,645 | - | - | 7,065 | - | - | - | 77,710 | - | - | 77,710 | - |
| 2021 | - | - | - | - | - | - | - | - | - | - | - | - |
| Geoff Xue ⁽²⁾ | | | | | | | | | | | | |
| 2022 | 67,636 | - | - | 6,774 | - | - | - | 74,410 | - | - | 74,410 | - |
| 2021 | - | - | - | - | - | - | - | - | - | - | - | - |
| Total KMP compensation | | | | | | | | | | | | |
| 2022 | 532,281 | 40,000 | 56,044 | 53,239 | - | - | - | 681,564 | - | 40,000 | 721,564 | - |
| 2021 | 394,000 | 45,000 | 46,688 | 37,430 | - | - | - | 523,118 | - | - | 523,118 | - |

(1) Roger Harris appointed as Non-Executive Director on 8 July 2021.

(2) Geoff Xue was appointed as Non-Executive Director on 23 July 2021.

(3) Non-monetary benefits include car lease payments and income insurance.

(4) Bonus & Options were approved by the board, however, were not paid/ issued at balance date. Refer to Part C para. 2.2 in the Directors Report for more details.

DIRECTORS' REPORT

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 2022 are set out below:

| NAME | TERMS |
|--|---|
| Brett Clark (Executive Chairman and CEO) | Base salary of \$250,000 (exclusive of superannuation contributions), reviewed annually. 6 months' notice by Mr. Clark. 6 months by Company and upon change of control. Termination payments to reflect appropriate notice, except in cases of termination for cause. Two tranches of 12,000,000 options issued to Mr. Clark approved by shareholders 29 November 2019. Mr. Clark shall be eligible to participate in Short Term Incentive Schemes up to 50% of his base salary that the Company may offer. |

F. OVERVIEW OF NON-EXECUTIVE DIRECTOR REMUNERATION

The Board policy is designed to attract and retain high caliber 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 Executive Chairman's fee will be determined independently to the fees of the Non-executive Directors based on comparative roles in the external market. External advice from independent remuneration consultants is sought when required.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The most recent determination was at the November 2016 Annual General Meeting, where shareholders approved the maximum aggregate amount of fees that can be paid to Non-executive Directors to be \$600,000.

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

Any equity components of Non-executive Directors' remuneration, including the issue of options or Performance Rights, are required to be approved by shareholders prior to award.

The table below summarises the Non-executive fees for the 2022 financial year:

| | BASE FEES 2022 | BASE FEES 2021 |
|-----------------------------------|----------------|----------------|
| Board | | |
| Non-executive Directors | \$72,000 | \$72,000 |
| Committee | | |
| Audit Chair | Nil | Nil |
| Remuneration and Nomination Chair | Nil | Nil |

Termination payments

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*.

DIRECTORS' REPORT

G. SHARE-BASED COMPENSATION

There were no share-based payments issued to directors or other KMP during the 2022 financial year.

Share based compensation – Option Holdings

Option Holdings affecting remuneration in the current or future reporting period are as follows:

Key terms of options granted to KMP

2020

TRANCHE 1

Directors

| | GRANT DATE | NUMBER GRANTED DURING THE YEAR | VESTING DATE | EXPIRY DATE | FAIR VALUE PER OPTION AT GRANT DATE, \$ | EXERCISE PRICE, \$ | VESTED % |
|------------------|------------|--------------------------------|--------------|-------------|---|--------------------|----------|
| Brett Clark | 29-Nov-19 | 12,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.008 | \$0.02 | 100% |
| Winnie Lai Hadad | 29-Nov-19 | 6,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.008 | \$0.02 | 100% |
| Kevin Dundo | 29-Nov-19 | 6,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.008 | \$0.02 | 100% |

TRANCHE 2

Directors

| | | | | | | | |
|------------------|-----------|------------|-----------|-----------|---------|--------|------|
| Brett Clark | 29-Nov-19 | 12,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.007 | \$0.03 | 100% |
| Winnie Lai Hadad | 29-Nov-19 | 6,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.007 | \$0.03 | 100% |
| Kevin Dundo | 29-Nov-19 | 6,000,000 | 29-Nov-19 | 30-Nov-22 | \$0.007 | \$0.03 | 100% |

Further information is set out in Note 28 of the financial statements.

DIRECTORS' REPORT

H. EQUITY HOLDINGS

Option Holdings

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

| | BALANCE AT START OF THE YEAR | GRANTED AS COMPENSATION | ACQUIRED FROM ENTITLEMENTS ISSUE | EXPIRED | BALANCE AT END OF THE YEAR | VESTED AND EXERCISABLE |
|------------------|------------------------------------|----------------------------|---|---------|----------------------------------|------------------------------|
| 2022 | | | | | | |
| Directors | | | | | | |
| Brett Clark | 24,000,000 | - | - | - | 24,000,000 | 24,000,000 |
| Winnie Lai Hadad | 12,000,000 | - | - | - | 12,000,000 | 12,000,000 |
| Kevin Dundo | 12,000,000 | - | 260,416 | - | 12,260,416 | 12,260,416 |
| Roger Harris | - | - | 434,621 | - | 434,621 | 434,621 |
| Geoff Xue | - | - | - | - | - | - |

All vested options were exercisable at the end of the year. Full details can be found at Note 16.

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 | OTHER CHANGES DURING THE YEAR | BALANCE AT END OF THE YEAR |
|-----------------------------|---------------------------------|--|----------------------------------|-------------------------------|
| 2022 | | | | |
| Directors | | | | |
| Brett Clark | - | - | - | - |
| Winnie Lai Hadad | - | - | - | - |
| Kevin Dundo | 6,250,000 | - | 781,250 | 7,031,250 |
| Roger Harris ⁽¹⁾ | 11,430,928 | - | 1,303,866 | 12,734,794 |
| Geoff Xue | - | - | - | - |

(1) Opening balance held by Roger Harris at date of appointment 8 July 2021

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

Executive Chairman

Perth, 28 September 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Avenira Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully,



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 28th day of September 2022
Perth, Western Australia

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 Chief Geologist 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 Chief Geologist 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 Chief Geologist 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.

PREVIOUSLY REPORTED RESULTS

There is information in this report relating to Mineral Resource estimates which was previously reported on 15 Mar 2013, 30 Apr 2014 and 31 Jan 2020. 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 2022

INCOME

| | NOTES | 2022 \$ | 2021 \$ |
|-----------------|-------|------------|------------|
| Interest income | 5 | 7,024 | 18,086 |
| Other income | 5 | 3,155 | 10,940 |

EXPENDITURE

| | | | |
|--|----|--------------------|--------------------|
| Depreciation and amortisation expense | | (34,492) | (34,214) |
| Salaries and employee benefits expense | 6 | (1,139,158) | (857,575) |
| Net foreign currency gain/(loss) | | (1,560) | 51 |
| Impairment of exploration and evaluation expenditure | 12 | (676,173) | (92,924) |
| Interest expense - leases | 11 | (2,207) | (4,515) |
| Share based payment (expense)/reversal | 28 | (7,334) | (77,919) |
| Administrative and other expenses | 6 | (878,664) | (1,067,889) |
| Extinguishment of financial liabilities | 26 | (145,800) | - |
| LOSS BEFORE INCOME TAX | | (2,875,209) | (2,105,959) |
| INCOME TAX BENEFIT | 7 | - | - |
| LOSS FOR THE YEAR | | (2,875,209) | (2,105,959) |

OTHER COMPREHENSIVE INCOME

Items that may be reclassified subsequently to Profit or Loss, net of tax

Financial assets measured at fair value through profit and loss

| | | |
|---|--------------------|--------------------|
| Net fair value gain / (loss) on financial assets measured at fair value through OCI | (1,845,052) | 418,550 |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | (4,720,261) | (1,687,409) |

Income / (Loss) for the year is attributable to:

| | | |
|--------------------------|--------------------|--------------------|
| Owners of Avenir Limited | (2,875,209) | (2,105,959) |
| | (2,875,209) | (2,105,959) |

Total comprehensive income / (loss) for the year is attributable to:

| | | |
|--------------------------|--------------------|--------------------|
| Owners of Avenir Limited | (4,720,261) | (1,687,409) |
| | (4,720,261) | (1,687,409) |

LOSS PER SHARE

From operations

| | | | |
|----------------------------------|----|--------|--------|
| Basic profit per share (cents) | 27 | (0.32) | (0.26) |
| Diluted profit per share (cents) | 27 | (0.32) | (0.26) |

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 2022

CURRENT ASSETS

| | | | |
|-----------------------------|---|------------------|------------------|
| Cash and cash equivalents | 8 | 1,009,638 | 3,123,043 |
| Trade and other receivables | 9 | 140,646 | 129,209 |
| TOTAL CURRENT ASSETS | | 1,150,284 | 3,252,252 |

NON-CURRENT ASSETS

| | | | |
|--|----|-------------------|-------------------|
| Other assets | 10 | 1,481,600 | 1,481,600 |
| Financial assets | 18 | 831,296 | 1,718,543 |
| Plant and equipment | | 1,788 | - |
| Capitalised exploration and evaluation expenditure | 12 | 8,927,892 | 7,511,257 |
| Right-of-use assets | 11 | 14,320 | 48,800 |
| TOTAL NON-CURRENT ASSETS | | 11,256,896 | 10,760,200 |
| TOTAL ASSETS | | 12,407,180 | 14,012,452 |

CURRENT LIABILITIES

| | | | |
|---|----|----------------|----------------|
| Trade and other payables | 13 | 679,679 | 527,286 |
| Lease Liability | 11 | 16,412 | 38,148 |
| Provisions | 14 | 66,122 | 43,404 |
| Amounts received in advance on sale of financial assets | | - | 31,306 |
| TOTAL CURRENT LIABILITIES | | 762,213 | 640,144 |

NON-CURRENT LIABILITIES

| | | | |
|--------------------------------------|----|------------------|------------------|
| Provisions | 14 | 2,105,817 | 1,768,081 |
| Lease Liability | 11 | - | 16,741 |
| Loans and borrowings | 15 | 3,202,956 | 2,480,000 |
| TOTAL NON-CURRENT LIABILITIES | | 5,308,773 | 4,264,822 |

TOTAL LIABILITIES

| | | | |
|-------------------|--|------------------|------------------|
| NET ASSETS | | 6,336,194 | 9,107,486 |
|-------------------|--|------------------|------------------|

EQUITY

| | | | |
|--|-------|------------------|------------------|
| Issued capital | 16 | 142,385,648 | 140,516,513 |
| Reserves | 17(a) | 16,525,327 | 18,290,545 |
| Accumulated losses | 17(b) | (152,574,781) | (149,699,572) |
| Capital and reserves attributable to members of Avenir Limited | | 6,336,194 | 9,107,486 |
| TOTAL EQUITY | | 6,336,194 | 9,107,486 |

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

FOR THE YEAR ENDED 30 JUNE 2022

| CONSOLIDATED | ATTRIBUTABLE TO OWNERS OF AVENIRA LIMITED | | | |
|---|---|--------------------|-------------------|----------------------|
| | NOTES | ISSUED CAPITAL | RESERVES | ACCUMULATED LOSSES |
| | | \$ | \$ | \$ |
| BALANCE AT 30 JUNE 2020 | | 137,337,162 | 25,259,540 | (155,059,077) |
| Loss for the year | | - | - | (2,105,959) |
| Other comprehensive income/(loss) for the year | | - | 418,550 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | 418,550 | (2,105,959) |
| <i>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</i> | | | | |
| Shares issued during the year | | 3,376,783 | - | - |
| Share issue transaction costs | | (197,432) | - | - |
| Share based payment | 28 | - | 77,919 | - |
| NCI Reserve transfer | | - | (7,465,464) | 7,465,464 |
| BALANCE AT 30 JUNE 2021 | | 140,516,513 | 18,290,545 | (149,699,572) |
| Loss for the year | | - | - | (2,875,209) |
| Other comprehensive income/(loss) for the year | | - | (1,845,052) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | (1,845,052) | (2,875,209) |
| <i>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</i> | | | | |
| Shares issued during the year | | 1,942,811 | - | - |
| Unissued shares during the year | | 16 | - | - |
| Share issue transaction costs | | (73,692) | - | - |
| Share based payment | 28 | - | 79,834 | - |
| BALANCE AT 30 JUNE 2022 | | 142,385,648 | 16,525,327 | (152,574,781) |

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 2022

| YEAR ENDED 30 JUNE 2022 | | CONSOLIDATED | |
|---|-------------|------------------|------------------|
| NOTES | 2022 \$ | 2021 \$ | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | (1,606,699) | (1,737,879) | |
| Payments to suppliers and employees | 3,155 | 10,940 | |
| Receipts for other income | 7,024 | 17,448 | |
| Interest received | (2,207) | (4,515) | |
| Payment of lease interest | | | |
| NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES | 26 | (1,598,727) | (1,714,006) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| | (1,705,072) | (1,231,448) | |
| Payments for exploration expenditure | (2,437) | - | |
| Payments for plant and equipment | - | 31,306 | |
| Receipts received in advance for sale of financial instruments | (2,321,927) | (875,000) | |
| Purchase of financial instruments | 1,332,815 | - | |
| Proceeds from sale of financial instruments | | | |
| NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES | | (2,696,621) | (2,075,142) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| | - | 3,376,783 | |
| Proceeds from share-buy back | 1,446,027 | | |
| Proceeds from issue of shares | (73,692) | (197,432) | |
| Transaction costs on issue of shares | 845,649 | 2,480,000 | |
| Proceeds from loans and borrowings | (34,480) | (35,548) | |
| Payment of principal portion of lease liabilities | | | |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 2,183,504 | 5,623,803 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (2,111,844) | 1,834,655 |
| Cash and cash equivalents at the beginning of the financial year | | 3,123,043 | 1,288,337 |
| Effects of exchange rate changes on cash and cash equivalents | | (1,561) | 51 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 8 | 1,009,638 | 3,123,043 |

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 Suite 6, 100 Mill Point Road South Perth WA 6151. The financial statements were authorised for issue in accordance with a resolution of the directors on 23 September 2022. 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.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

1. BASIS OF PREPARATION (continued)

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2022 the Group made a loss of \$2,875,209 (2021: \$2,105,959) and net operating cash outflows of \$1,598,727 (2021: \$1,714,006).

The ability of the Group to continue as a going concern is principally dependent sale of liquid investments and additional capital raising. The Group has recently completed a \$2.1 million capital raising.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on going concern basis for the following reasons:

- The Group holds liquid financial assets that can be sold to meet cash flow requirements;
- The Company has the ability to raise capital; and
- The Group has the ability to reduce corporate and overhead expenditures in line with available funds if required.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Critical accounting estimates

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

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

Note 12 Impairment of capitalised exploration and evaluation expenditure

Note 14 Provision for mine rehabilitation and restoration

Note 28 Share based payments

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.

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

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avenira Limited ("Company" or "Parent Entity") as at 30 June 2022 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 Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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, consolidated statement of changes in equity and consolidated 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.

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

VALUATION TECHNIQUES

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

(e) Deferred tax assets and deferred tax liabilities

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

4. SEGMENT INFORMATION

Accounting Policy

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

(a) Description of segments

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

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

- exploration and development of Wonarah in the Northern Territory in Australia;
- exploration and development of Jundee South in Western Australia; 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 (NORTHERN TERRITORY) | JUNDEE SOUTH (WESTERN AUSTRALIA) | UNALLOCATED – OTHER SEGMENTS | TOTAL CONSOLIDATED |
|---|------------------------------------|--|---------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| 2022 | | | | |
| Income | | | | |
| Interest income | 4,689 | - | 2,335 | 7,024 |
| Other income | - | - | 3,155 | 3,155 |
| Total segment income | 4,689 | - | 5,490 | 10,179 |
| Total revenue as per statement of comprehensive income | | | | 10,179 |
| Impairment of non-current assets | (676,173) | - | - | (617,790) |
| Salaries, administrative and other expenses | (37,988) | - | (1,990,935) | (2,028,923) |
| Extinguishment of financial liabilities | - | - | (145,800) | (145,800) |
| Depreciation and amortisation | - | - | (34,492) | (34,492) |
| Segment net loss before tax | (709,472) | - | (2,165,737) | (2,875,209) |
| Tax benefit | - | - | - | - |
| Segment net loss after tax | (709,472) | - | (2,165,737) | (2,875,209) |
| Total net loss as per statement of comprehensive income | | | | (2,875,209) |
| Segment assets | | | | |
| Capitalised exploration and evaluation expenditure | 5,889,800 | 3,038,092 | - | 8,927,892 |
| Property, plant and equipment | - | - | 1,788 | 1,788 |
| Other assets at balance date | 1,492,531 | - | 1,984,969 | 3,477,500 |
| Total segment assets | 7,382,331 | 3,038,092 | 1,986,757 | 12,407,180 |
| Segment liabilities | | | | |
| Other liabilities at balance date | 2,106,747 | - | 3,964,239 | 6,070,986 |
| Total segment liabilities | 2,106,747 | - | 3,964,239 | 6,070,986 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

| | WONARAH (NORTHERN TERRITORY) | JUNDEE SOUTH (WESTERN AUSTRALIA) | UNALLOCATED – OTHER SEGMENTS | TOTAL CONSOLIDATED |
|---|------------------------------------|--|---------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| 2021 | | | | |
| Income | | | | |
| Interest income | 9,420 | - | 8,666 | 18,086 |
| Other income | 10,000 | - | 940 | 10,940 |
| Total segment income | 19,420 | - | 9,606 | 29,026 |
| Total revenue as per statement of comprehensive income | | | | 29,026 |
| Impairment of non-current assets | (92,924) | - | - | (92,924) |
| Salaries, administrative and other expenses | (37,992) | - | (1,969,855) | (2,007,847) |
| Depreciation and amortisation | - | - | (34,214) | (34,214) |
| Net loss on disposal of fixed assets | - | - | - | - |
| Segment net loss before tax | (111,496) | - | (1,994,463) | (2,105,959) |
| Tax benefit | - | - | - | - |
| Segment net loss after tax | (111,496) | - | (1,994,463) | (2,105,959) |
| Total net loss as per statement of comprehensive income | | | | (2,105,959) |
| Segment assets | | | | |
| Capitalised exploration and evaluation expenditure | 5,889,800 | 1,621,457 | - | 7,511,257 |
| Other assets at balance date | 1,487,481 | - | 5,013,714 | 6,501,195 |
| Total segment assets | 7,377,281 | 1,621,457 | 5,013,714 | 14,012,452 |
| Segment liabilities | | | | |
| Other liabilities at balance date | 1,768,430 | - | 3,136,536 | 4,904,966 |
| Total segment liabilities | 1,768,430 | - | 3,136,536 | 4,904,966 |

5. INCOME

Accounting policies

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

| | 2022 \$ | 2021 \$ |
|--------------------------------------|---------------|---------------|
| Other income | | |
| Interest from financial institutions | 7,024 | 18,086 |
| Other income | 3,155 | 10,940 |
| | 10,179 | 29,026 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

6. ADMINISTRATIVE AND EMPLOYEE BENEFITS EXPENSE

| | 2022 | 2021 |
|--|----------------|------------------|
| | \$ | \$ |
| Loss before income tax includes the following administrative expenses | | |
| Consultants | 110,785 | 347,445 |
| Regulatory expenses | 85,774 | 148,308 |
| Accounting and legal | 306,850 | 379,173 |
| Travel expenses | 39,879 | 30,740 |
| Short term office lease expense | 24,601 | 32,154 |
| Other administrative expenses | 82,467 | 130,069 |
| Interest on borrowings expense | 228,307 | - |
| | 878,664 | 1,067,889 |

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| Loss before income tax includes the following employee benefit expenses | | |
| Salaries and wages | 371,678 | 287,436 |
| Defined contribution superannuation expense | 81,635 | 62,099 |
| Regulatory taxes | 17,520 | 22,352 |
| Director fees | 612,281 | 439,000 |
| Medical and insurance | 56,044 | 46,688 |
| | 1,139,158 | 857,575 |

7. INCOME TAX

Accounting Policies

The income tax expense or benefit 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 2022

7. INCOME TAX (continued)

| | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| (a) Income tax expense/(benefit) | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |
| (b) Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Loss from continuing operations before income tax expense | (2,875,209) | (2,105,959) |
| Loss from discontinued operations before income tax expense | - | - |
| Accounting loss before income tax | (2,875,209) | (2,105,959) |
| Prima facie tax benefit at the Australian tax rate of 25% (2021: 30%) | (718,802) | (631,788) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share based payments | 1,834 | 23,376 |
| Impairments | 169,043 | |
| Other permanent differences | 45,653 | |
| Unrealised foreign exchange gain/(loss) | 107 | 5,849 |
| Movements in other unrecognised temporary differences | (353,641) | (224,734) |
| Tax effect of current year tax losses and timing differences for which no deferred tax asset has been recognised | 855,806 | 827,297 |
| Income tax benefit | - | - |
| (c) Tax affect relating to each component of other comprehensive income | | |
| Financial assets | - | 145,930 |
| | - | 145,930 |
| (d) Deferred tax assets | | |
| Capital raising costs | 47,541 | 173,250 |
| Rehabilitation provision | 511,859 | 530,424 |
| Other provisions and accruals | 129,877 | 101,294 |
| Tax losses in Australia | 28,413,604 | 35,098,926 |
| Financial assets at FVOCI | - | 145,930 |
| | 29,102,881 | 36,049,824 |
| Deferred tax assets not recognised | (26,870,908) | (33,787,055) |
| | 2,231,973 | 2,262,769 |
| Offset against deferred tax liabilities | (2,231,973) | (2,262,769) |
| Net deferred tax assets | - | - |
| (e) Deferred tax liabilities | | |
| Capitalised exploration and evaluation costs and development costs | (2,231,973) | (2,253,377) |
| Financial assets at FVOCI | - | - |
| Other accruals | - | (9,392) |
| | (2,231,973) | (2,262,769) |
| Offset against deferred tax assets | 2,231,973 | 2,262,769 |
| Net deferred tax liabilities | - | - |

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 2022 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.

| | 2022 \$ | 2021 \$ |
|--|------------------|------------|
| Cash at bank and in hand (continuing operations) | 1,009,638 | 3,123,043 |
| Cash and cash equivalents | 1,009,638 | 3,123,043 |

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

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 concluded that the lifetime ECL for these assets would be negligible and therefore no additional loss allowance was required.

| Current | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Trade and other receivables ⁽ⁱ⁾ | 3,275 | 2,989 |
| Government taxes receivable ⁽ⁱⁱ⁾ | 38,343 | 48,429 |
| Prepayments ⁽ⁱⁱⁱ⁾ | 69,361 | 48,124 |
| Security deposits | 29,667 | 29,667 |
| | 140,646 | 129,209 |

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

(ii) Government taxes receivable in 2022 relates to GST receivable in Australia.

(iii) Prepayments include payments made in relation to D&O insurance paid for the period 01/07/2022 – 30/03/2023.

The carrying amounts disclosed above represent their fair value.

10. OTHER NON-CURRENT ASSETS

Non-Current

| Non-Current | 2022 | 2021 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Security deposits ⁽ⁱ⁾ | 1,481,600 | 1,481,600 |
| | 1,481,600 | 1,481,600 |

(i) Security Deposit for Wonarah tenements in the Northern Territory

11. LEASES

Accounting Policies

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Leases - Estimating the incremental borrowing rate

When the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(iv) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

| Right-to-use assets recognised and movements during the year | 2022 \$ | 2021 \$ |
|--|------------|------------|
| Opening net carrying amount | 48,800 | 84,348 |
| Additions | - | - |
| Depreciation expense | (34,480) | (35,548) |
| Transfer to discontinued operations | - | - |
| Net carrying amount | 14,320 | 48,800 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

11. LEASES (continued)

| Lease liabilities and movements during the year | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Opening net carrying amount | 54,889 | 91,802 |
| Additions | - | - |
| Interest expense | 2,207 | 4,515 |
| Payments | (40,000) | (40,000) |
| Adjustments to prior period | (684) | (1,428) |
| Transfer to discontinued operations | - | - |
| Closing net carrying amount | 16,412 | 54,889 |
| Current | 16,412 | 38,148 |
| Non-current | - | 16,741 |

12. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policies – Capitalised Exploration and Evaluation Expenditure

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.

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| <i>Reconciliation of movements of exploration and evaluation costs in respect of mining areas of interest</i> | | |
| Opening net carrying amount | 7,511,257 | 6,344,326 |
| Capitalised exploration and evaluation costs | 1,755,073 | 1,231,448 |
| Increase to rehabilitation provision | 337,735 | 28,407 |
| Impairment of exploration and evaluation expenditure ⁽ⁱ⁾ | (676,173) | (92,924) |
| Closing net carrying amount | 8,927,892 | 7,511,257 |
| | 2022 \$ | 2021 \$ |

Closing net carrying amount represented by the following projects

| | | |
|-----------------------------|-----------|-----------|
| Jundee South Project | 3,038,092 | 1,621,457 |
| Wonarah Phosphate Project | 5,889,800 | 5,889,800 |
| Closing net carrying amount | 8,927,892 | 7,511,257 |

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) Impairment recognised in respect of the Wonarah Project. Refer to the key estimates and assumptions section below for details regarding the Group's assessment of the carrying value of recognised exploration and evaluation expenditure.

12. 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.

SRK Consulting conducted an update to the valuation of the Wonarah Project as at 30 June 2021. In SRK's opinion, the valuation of the Wonarah Project has not materially changed since the effective date of the 2019 SRK Report.

The 2019 report 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 \$673,173 (30 June 2021: \$92,924) 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.

13. TRADE AND OTHER PAYABLES

Accounting Policies

Recognition and measurement

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 consolidated entity.

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.

| | 2022 | 2021 |
|-------------------------------|---------|---------|
| | \$ | \$ |
| Trade payables ⁽ⁱ⁾ | 299,722 | 228,086 |
| Other payables and accruals | 379,957 | 299,200 |
| | 679,679 | 527,286 |

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

The carrying amounts disclosed above represent their fair value.

14. PROVISIONS

Accounting Policies

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions 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 recognised 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.

14. PROVISIONS (continued)

(iii) Mine rehabilitation and restoration

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

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

| | 2022 | 2021 |
|---------------------|--------|--------|
| | \$ | \$ |
| Employment benefits | 66,122 | 43,404 |
| | 66,122 | 43,404 |

Non-Current

| | 2022 | 2021 |
|--|-----------|-----------|
| | \$ | \$ |
| Mine rehabilitation and restoration ⁽ⁱ⁾ | 2,105,817 | 1,768,081 |
| | 2,105,817 | 1,768,081 |

Movements in mine rehabilitation and restoration provision

| | | |
|--|-----------|-----------|
| Opening net carrying amount | 1,768,081 | 1,739,674 |
| (Decrease)/increase from change in discount and inflation rate | 337,736 | 28,407 |
| Closing net carrying amount | 2,105,817 | 1,768,081 |

⁽ⁱ⁾ Provision for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision includes the restoration costs based on the estimated future costs as assessed independently by the Northern Territory Government Department of Regional Development, Primary Industry, Fisheries and Resources. The estimated future obligations include the costs of removing plant, abandoning mine site and restoring the affected areas.

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 2022 the rehabilitation obligation has a carrying value of \$2,105,817 (2021: \$1,768,081) for the Wonarah Phosphate Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

15. 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.

| Non-Current | INTEREST RATE % | 2022 \$ (1) | 2021 \$ |
|---|-----------------------|------------------|------------------|
| Loan Facility - secured | 8% | 3,202,956 | 2,480,000 |
| Total non-current loans and borrowings | | 3,202,956 | 2,480,000 |

(1) The Loan balance as at 30 June 2022 includes capitalised interest of \$228,307

Loan Facility

- a) In June 2020 the Company received shareholder approval to enter into a \$3 million secured loan facility with Au Xingao Investment Pty Ltd, a substantial shareholder of the Company.

The loan was drawn down to \$2,974,649 at the end of the 2022 financial year.

The material terms of the Loan Facility are as follows:

| | |
|----------------------------------|---|
| Loan Amount | \$3,000,000. |
| Interest | 8% per annum. Accrued interest will be capitalised (if not paid) every 6 months. |
| Security | The Loan Facility will be secured by a mining mortgage over the Company's Wonarah Project and a general security deed over specified listed securities held by the Company. |
| Termination and repayment | The Company must repay the Loan Amount and all other amounts outstanding (including all capitalised interest and accrued uncapitalised interest) after 3 years from the date of signing the loan agreement ('Repayment Date'), unless the Lender elects to convert earlier. |
| Conversion | After 18 months, the Lender may elect to convert the Loan Amount into ordinary shares in the Company based on the 30 day VWAP of the Company's shares prior to the conversion date. |
| Prepayment | The Company may prepay the Loan Amount at any time prior to the Repayment Date. |

- b) During the year the Company entered into a loan agreement for \$351,000. The Company then entered into a Termination Deed, converting the loan into 27,000,000 fully paid ordinary shares, resulting in a loss on extinguishment of loan of \$145,800.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

16. 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 | 2022 | | 2021 | |
|--|-----------------|----------------------|--------------------|---------------------|--------------------|
| | | NUMBER OF SHARES | \$ | NUMBER OF SHARES | \$ |
| (a) Share capital | | | | | |
| Ordinary shares fully paid | 16(b), 16(d) | 1,001,084,420 | 142,239,848 | 862,852,818 | 140,516,513 |
| Total share capital | | 1,001,084,420 | 142,239,848 | 862,852,818 | 140,516,513 |
| (b) Movements in ordinary share capital | | | | | |
| Beginning of the financial year | | 862,852,818 | 140,516,513 | 440,754,926 | 137,337,162 |
| Transactions during the year: | | | | | |
| - Issue of shares @ \$0.008 | | - | - | 66,113,238 | 528,906 |
| - Issue of shares @ \$0.008 | | - | - | 74,966,928 | 599,735 |
| - Issue of shares @ \$0.008 | | - | - | 69,850,964 | 558,808 |
| - Issue of shares @ \$0.008 | | - | - | 136,878,660 | 1,095,029 |
| - Issue of shares @ \$0.008 | | - | - | 48,900,070 | 391,201 |
| - Issue of shares @ \$0.008 | | - | - | 25,388,032 | 203,104 |
| - Issue of shares @ \$0.0184 | | 27,000,000 | 496,800 | - | - |
| - Issue of shares @ \$0.013 | | 111,231,602 | 1,446,011 | - | - |
| - Conversion of options @ \$0.022 | | 719 | 16 | - | - |
| Less transaction costs | | - | (73,692) | - | (197,432) |
| End of the financial year | | 1,001,085,139 | 142,385,648 | 862,852,818 | 140,516,513 |

| | NUMBER OF OPTIONS | |
|---|--------------------|------------|
| | 2022 | 2021 |
| (c) Movements in unlisted options on issue | | |
| Beginning of the financial year | 60,000,000 | 48,000,000 |
| Exercised during the financial year | (719) | - |
| Issued during the financial year | | |
| - 2.5 cent options, 7 September 2023 ⁽¹⁾ | - | 6,000,000 |
| - 3.5 cent options, 7 September 2023 ⁽¹⁾ | - | 6,000,000 |
| - 2 cent options, 21 September 2022 ⁽²⁾ | 1,500,000 | |
| - 3 cent options, 30 June 2024 ⁽²⁾ | 1,500,000 | |
| - 2.2 cent options, 30 April 2024 ⁽³⁾ | 37,077,000 | |
| End of the financial year | 100,076,281 | 60,000,000 |

(1) Options issued to Taylor Collison Sharebrokers and Investment Advisers subsequent to the shareholder approval. The Group recognised \$77,919 of share-based payment expense in the statement of profit or loss.

(2) Options issued. The Group recognised \$7,334 of share based payment expense in the statement of profit or loss.

(3) Options issued pursuant to the Entitlements Issue dated 28 March 2022.

16. ISSUED CAPITAL (continued)

(d) 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.

(e) 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, 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 its exploration projects and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate funding as required.

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

| | 2022 | 2021 |
|---|------------------|-----------|
| | \$ | \$ |
| Cash and cash equivalents | 1,009,638 | 3,123,043 |
| Trade and other receivables | 140,646 | 129,209 |
| Trade and other payables | (679,679) | (527,286) |
| Lease Liability | (16,412) | (38,148) |
| Current provisions | (66,122) | (43,404) |
| Amounts received in advance from sale of financial assets | - | (31,306) |
| Working capital position | 388,071 | 2,612,108 |

17. RESERVES AND ACCUMULATED LOSSES

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| (a) Reserves | | |
| Financial assets at fair value through OCI | (1,358,620) | 486,432 |
| Foreign currency translation | 128,765 | 128,765 |
| Share-based payments | 17,755,182 | 17,675,348 |
| Total reserves | 16,525,327 | 18,290,545 |

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Movements: | | |
| <i>Fair Value Reserve of Financial Assets at FVOCI</i> | | |
| Balance at beginning of year | 486,432 | 67,882 |
| Revaluation | (1,845,052) | 418,550 |
| Balance at end of year | (1,358,620) | 486,432 |
| <i>Foreign currency translation reserve</i> | | |
| Balance at beginning of year | 128,765 | 128,765 |
| Recycled to the profit and loss on derecognition of controlled entity | - | - |
| Currency translation differences arising during the year | - | - |
| Balance at end of year | 128,765 | 128,765 |
| <i>Share-based payments reserve</i> | | |
| Balance at beginning of year | 17,675,348 | 17,597,429 |
| Performance rights and share rights | - | - |
| Other share-based payments ⁽ⁱ⁾ | 79,834 | 77,919 |
| Share rights converted to ordinary shares | - | - |
| Balance at end of year | 17,755,182 | 17,675,348 |
| <i>Non-controlling interest reserve</i> | | |
| Balance at beginning of year | - | 7,465,464 |
| Parent equity adjustment for NCI consideration | - | (7,465,464) |
| Balance at end of year | - | - |

(i) Refer to Note 28 Share Based Payments for further details.

17. RESERVES AND ACCUMULATED LOSSES (continued)

| | 2022 \$ | 2021 \$ |
|---|---------------|---------------|
| (b) Accumulated losses | | |
| Balance at beginning of year | (149,699,572) | (155,059,077) |
| Net loss for the year attributable to owners of Avenira Limited | (2,875,209) | (2,105,959) |
| NCI reserve transfer | - | 7,465,464 |
| Balance at end of year | (152,574,781) | (149,699,572) |

(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.

18. 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.

18. 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.

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 13.

(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 15.

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:

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | 1,009,638 | 3,123,043 |
| Trade and other receivables | 140,646 | 129,209 |
| Other non-current receivables | 1,481,600 | 1,481,600 |
| Fair value reserve of financial assets at FVOCI | | |
| - Listed investments | 746,296 | 1,633,543 |
| - Unlisted investments | 85,000 | 85,000 |
| | 3,463,180 | 6,452,395 |

18. FINANCIAL RISK MANAGEMENT (continued)

| | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Financial liabilities | | |
| Trade and other payables | 679,679 | 527,286 |
| Lease liabilities - current | 16,412 | 38,148 |
| Lease liabilities – non-current | - | 16,741 |
| Loans and borrowings | 3,202,956 | 2,480,000 |
| | 3,899,047 | 3,062,175 |

(a) Market risk

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

It is a risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) and share prices (price risk). The Group has determined the impact of reasonably possible movements in foreign exchange and share prices is not material.

(i) 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 2022, the Group had interest-bearing assets in the form of cash and cash equivalents. 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 does not have exposure to interest rate risk arising from its financial liabilities.

The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. At 30 June 2022, the entire balance of cash and cash equivalents for the Group of \$1,009,638 (2021: \$3,123,043) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

18. FINANCIAL RISK MANAGEMENT (continued)

| | 2022 | 2021 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 1,009,638 | 3,123,043 |
| Trade and other receivables | 140,646 | 129,209 |
| Other non-current receivables | 1,481,600 | 1,481,600 |
| | 2,631,884 | 4,733,852 |

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.

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash at bank and short-term bank deposits | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA3 rated | 1,009,638 | 3,123,043 |
| | 1,009,638 | 3,123,043 |
| Trade and other receivables | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA- rated | - | - |
| AA3 rated | 29,667 | 29,667 |
| <i>Counterparties with external credit ratings</i> | - | - |
| <i>Counterparties without external credit ratings</i> | | |
| Group 1 | 110,979 | 99,542 |
| Group 2 | - | - |
| | 140,646 | 129,209 |
| Other non-current receivables | | |
| <i>Held with Australian banks and financial institutions</i> | | |
| AA- rated | 1,481,600 | 1,481,600 |
| | 1,481,600 | 1,481,600 |

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

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

18. FINANCIAL RISK MANAGEMENT (continued)

| | LESS THAN 1 MONTH \$ | 1-3 MONTHS \$ | 3 MONTHS - 1 YEAR \$ | 1-5 YEARS \$ | 5+ YEARS \$ | TOTAL \$ |
|--|----------------------------|---------------------|----------------------------|--------------------|----------------|------------------|
| Contractual maturities of financial liabilities | | | | | | |
| 2022 | | | | | | |
| Trade and other payables | 299,722 | 379,957 | - | - | - | 679,679 |
| Lease Liabilities | - | 10,201 | 6,717 | - | - | 16,918 |
| Loans and borrowings | - | - | - | 3,202,956 | - | 3,202,956 |
| | 299,722 | 390,158 | 6,717 | 3,202,956 | - | 3,899,553 |
| 2021 | | | | | | |
| Trade and other payables | 228,086 | 299,200 | - | - | - | 527,286 |
| Lease Liabilities | - | 10,796 | 31,986 | 17,259 | - | 60,041 |
| Loans and borrowings | - | - | - | 2,480,000 | - | 2,480,000 |
| | 228,086 | 309,996 | 31,986 | 2,497,259 | - | 3,067,327 |

(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 | |
|--|-----------------|------------------|----------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Fair value of financial assets through OCI | 831,296 | 1,718,543 | 831,296 | 1,718,543 |
| Total financial assets | 831,296 | 1,718,543 | 831,296 | 1,718,543 |

18. 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 |
|--|-----------|---------|---------|-----------|
| | \$ | \$ | \$ | \$ |
| 2022 | | | | |
| Financial assets | | | | |
| Fair value of financial assets through OCI – listed | 746,296 | - | - | 746,296 |
| Fair value of financial assets through OCI– unlisted | - | - | 85,000 | 85,000 |
| | 746,296 | - | 85,000 | 831,296 |
| 2021 | | | | |
| Financial assets | | | | |
| Fair value of financial assets through OCI – listed | 1,633,543 | - | - | 1,633,543 |
| Fair value of financial assets through OCI– unlisted | - | - | 85,000 | 85,000 |
| | 1,633,543 | - | 85,000 | 1,718,543 |

(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 2022 was \$6,336,194 (30 June 2021: \$9,107,486). The primary objective of the Group's capital management is to maximise the shareholder value.

Key estimates and assumptions

As described in the accounting policy above, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions are set out above.

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

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as FVOCI, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

19. 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 Hall Chadwick WA Audit (2021: Hall Chadwick WA Audit).

| Auditor remuneration | 2022 \$ | 2021 \$ |
|---|---------------|---------------|
| Fees to Hall Chadwick WA | | |
| Auditing the statutory financial report of the parent covering the group and any controlled entities | 25,966 | 33,552 |
| Assurance services that are required by legislation to be provided by the auditor | - | - |
| Other Assurance and agreed-upon-procedure services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm | - | - |
| Other Services | | |
| Tax Compliance | 3,667 | - |
| Total Auditor Remuneration | 29,633 | 33,552 |

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 Hall Chadwick 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.

20. CONTINGENCIES

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

TinOne Resources Corporation Royalty Deed

The parent entity will receive a royalty on a quarterly basis on all product sold, removed or otherwise disposed from specific tenements held by TinOne Resources Corporation. 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 of the royalty at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

21. COMMITMENTS

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

| | 2022 \$ | 2021 \$ |
|--|------------------|------------|
| (a) Exploration commitments | | |
| Within one year | 494,894 | 357,884 |
| Later than one year but no later than five years | 1,614,904 | 983,562 |
| Later than five years | - | - |
| | 2,109,798 | 1,341,446 |

The Group has an office lease contract as at 30 June 2022. The future lease payments for this non-cancellable lease contract is \$16,665 (2021: \$40,465), later than one year but no later than five is NIL (2021: \$17,000).

22. DIVIDENDS

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

23. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Avenira Limited. The consolidated entity has a related party relationship with its subsidiaries (see Note 24) and with its key management personnel.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

(c) Compensation of key management personnel

| | 2022 \$ | 2021 \$ |
|--------------------------|----------------|------------|
| Short-term benefits | 668,325 | 485,688 |
| Post-employment benefits | 53,239 | 37,430 |
| | 721,564 | 523,118 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

24. SUBSIDIARIES

Accounting policies

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⁾ | |
|--------------------------------------|--------------------------|-----------------|-------------------------------|-----------|
| | | | 2022 % | 2021 % |
| Minemakers Australia Pty Ltd | Australia | Ordinary | 100 | 100 |
| Bonaparte Diamond Mines Pty Ltd | Australia | Ordinary | 100 | 100 |
| Avenira Gold Pty Ltd | Australia | Ordinary | 100 | 100 |
| Avenira Holdings LLC ⁽ⁱⁱ⁾ | USA | Ordinary | 100 | 100 |

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

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

25. EVENTS OCCURRING AFTER THE BALANCE DATE

Following the end of the financial year, the Company successfully undertook a placement to raise \$2.1 million.

On 21 September 2022, the Company announced it had signed a non-binding MOU in relation to the Wonarah Project with global LFP cathode manufacturer, Advanced Lithium Electrochemistry Ltd (Aleees) and the Northern Territory Government.

On 26 September 2022, the Company announced it had signed a non-binding MOU with LFP battery manufacturer, Aleees) to work towards the development of a Lithium Iron Phosphate (LFP) battery cathode manufacturing plant in Darwin using Avenira's flagship Wonarah Phosphate Project.

No other events have occurred since 30 June 2022 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.

26. STATEMENT OF CASHFLOWS

| | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| Reconciliation of net loss after income tax to net cash outflow from operating activities | | |
| Net loss from continuing operations | (2,875,209) | (2,105,959) |
| Net loss from discontinuing operations | - | - |
| Adjustment for non-cash items | | |
| Depreciation of plant and equipment | 34,492 | 34,214 |
| Share based payment expense | 7,334 | 77,919 |
| Net foreign currency loss/(gain) | 1,560 | (51) |
| Impairment of exploration and evaluation expenditure | 676,173 | 92,924 |
| Disposal of intangibles loss/(gain) | - | - |
| Change in operating assets and liabilities, net of effects from purchase of controlled entities | | |
| Increase in trade and other receivables | 11,436 | 20,070 |
| Increase/(decrease) in trade and other payables | 568,204 | 203,866 |
| Increase (decrease) in provisions | (22,717) | (36,989) |
| Net cash outflow from operating activities from operating activities | (1,598,727) | (1,714,006) |

Change in liabilities from financing activities

| | Opening balance 1-Jul-21 | Additions during the year | Interest accrued | Adjustment s | Payments | Forgiven during the period | Closing balance 30-Jun-22 |
|-------------------------------------|--------------------------------|---------------------------------|---------------------|-----------------|----------|----------------------------------|---------------------------------|
| Interest bearing loans & borrowings | 2,480,000 | 845,649 | 228,307 | (351,000) | - | - | 3,202,956 |
| Lease liabilities | 54,889 | - | 2,207 | (684) | (40,000) | - | 16,412 |
| | 2,534,889 | 845,649 | 230,514 | (351,684) | (40,000) | - | 3,219,368 |

(1) During the period the Company received a loan of \$351,000, this was settled via the issue of shares with a fair value of these shares resulting in a loss of \$145,800 being recognised on the profit and loss.

27. EARNINGS PER SHARE

Accounting Policies

Basic earnings per share

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

Diluted earnings per share

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

| | 2022 | 2021 |
|--|---------------------|---------------------|
| | \$ | \$ |
| (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 | (2,875,209) | (2,105,959) |
| | | |
| | 2022 | 2021 |
| | 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 | 889,070,259 | 798,750,003 |

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.

28. SHARE BASED PAYMENTS

Accounting Policies

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

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

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(a) Performance Rights Plan

There were no performance rights granted during the year ended 30 June 2022 (2021: Nil).

(b) Options

In September 2021, 3,000,000 options were issued to employees. Options were issued in two tranches with a different exercise price for each tranche being 2.0 cents and 3.0 cents, and all have an expiry date of 30 June 2024.

A further 37,077,000 free options were granted pursuant to the Entitlement Offer in March 2022, with an expiry date of 30 April 2024.

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

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

| | AVENIRA LIMITED 2022 | | AVENIRA LIMITED 2021 | |
|--|-------------------------|---------------------------------------|-------------------------|---------------------------------------|
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| Outstanding at the beginning of the year | 60,000,000 | \$0.026 | 48,000,000 | \$0.025 |
| Granted – Sept 2021 | 3,000,000 | \$0.025 | 12,000,000 | \$0.03 |
| Granted – March 2022 | 37,077,000 | \$0.022 | | |
| Exercised | (719) | \$0.022 | - | - |
| Expired | - | - | - | - |
| Outstanding at the end of the year | 100,076,281 | \$0.025 | 60,000,000 | \$0.026 |
| Exercisable at the end of the year | 100,076,281 | | 60,000,000 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

28. SHARE BASED PAYMENTS (continued)

All options issued during the year were valued using the Black-Scholes option pricing model. The fair value of the options granted during the 2022 year was estimated on the date of grant using the following inputs:

| | 2022 | | 2021 | |
|--|------------|------------|------------|------------|
| | TRANCHE 1 | TRANCHE 2 | TRANCHE 1 | TRANCHE 2 |
| Options issued | 1,500,000 | 1,500,000 | 6,000,000 | 6,000,000 |
| Measurement date | 21/09/2021 | 21/09/2021 | 07/09/2020 | 07/09/2020 |
| Exercise price (cents) | \$0.02 | \$0.03 | \$0.025 | \$0.035 |
| Fair value at grant date | 0.007 | 0.006 | 0.007 | 0.006 |
| Volatility | 100% | 100% | 100% | 100% |
| Risk free rate | 0.19% | 0.19% | 0.23% | 0.23% |
| Expiry date | 30/06/2024 | 30/06/2024 | 07/09/2023 | 07/09/2023 |
| Historically volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate | | | | |
| Fair value of options that were granted or vested to employees and or directors and recognised in the profit or loss statement | \$3,809 | \$3,525 | \$41,858 | \$36,061 |

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 using the assumptions detailed above.

As disclosed in Section C paragraph 2.2. of the Remuneration Report, the Board approved a bonus to Mr. Clark of \$80,000 of which \$40,000 will be issued in options to be approved by shareholders at the Company's next AGM.

In addition to this, the Board also approved the issue of employee bonus options amounting to \$32,500. These will also require shareholder approval at the Company's next AGM, prior to being issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, YEAR ENDED 30 JUNE 2022

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Avenir Limited, at 30 June 2022. The information presented here has been prepared using accounting policies consistent with Group accounting policies.

| | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| (a) Financial position | | |
| Assets | | |
| Current assets | 1,068,138 | 3,245,453 |
| Non-current assets | 3,217,775 | 3,389,719 |
| Total assets | 4,285,913 | 6,635,172 |
| Liabilities | | |
| Current liabilities | 761,283 | 491,537 |
| Non-current liabilities | 3,202,956 | 2,480,000 |
| Total liabilities | 3,964,239 | 2,971,537 |
| Net Asset Position | 321,674 | 3,663,635 |
| Equity | | |
| Contributed equity | 142,385,648 | 140,516,513 |
| Reserves: | | |
| - Share based payments | 17,151,481 | 17,071,647 |
| - Performance rights | 603,701 | 603,701 |
| - Financial assets at FVOCI | 20,503 | 486,432 |
| Accumulated losses | (159,839,659) | (155,014,658) |
| Total equity | 321,674 | 3,663,635 |
| (b) Financial performance | | |
| Loss for the year | (2,164,569) | (1,829,463) |
| Other comprehensive income | - | - |
| Total comprehensive loss for the year | (2,164,569) | (1,829,463) |

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

The parent entity does not have any contingent liabilities at 30 June 2022.

(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 34 to 71 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 2022 and of their performance for the financial year ended on that date;
2. In their opinion, 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

Executive Chairman

Perth, 28 September 2022

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 ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$2,875,209 during the year ended 30 June 2022. As stated in Note 1 these events or conditions, along with other matters as set forth in Note 1, 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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|--|---|
| Capitalised Exploration and Evaluation Expenditure (Refer to Note 12) | |
| <p>The Group has capitalised exploration and evaluation expenditure of \$8,927,892 as at balance date.</p> <p>Exploration and evaluation expenditure is considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the Group's financial position; and • The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest and the exploration programs planned for those tenements. • For each area of interest, we assessed a sample of the Group's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable. • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets. • Substantiated a sample of expenditure by agreeing to supporting documentation. • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> ○ the licenses for the right to explore expiring in the near future or are not expected to be renewed; ○ substantive expenditure for further exploration in the specific area is neither budgeted or planned; ○ decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and ○ data indicating that, although a |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|--|--|
| | <p>development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</p> <ul style="list-style-type: none"> • Examination of the disclosures made in the financial report. |
| Loans and Borrowings (Refer to Note 15) | |
| <p>The Group has loans and borrowings of \$3,202,956 as at balance date.</p> <p>Loans and borrowings are considered to be key audit matter due to the significance of the balance to the Group's financial position.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysing the Loan Agreement to identify the key terms and conditions; • Verifying the funds receipted on draw down of the loan; • Assessing the accounting treatment of the financial instrument in accordance with the recognition and measurement as well as the disclosure requirements of the relevant Australian Accounting Standards; • Assessing the calculation of the relevant interest expense for the year; and • Examination of the disclosures made in the financial report. |

Other Information

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 2022 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.

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

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

Responsibilities of the Directors for the Financial Report

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

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 related 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 has 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 judgement and maintain professional scepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Avenira Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA

Director

Dated this 28th day of September 2022
Perth, Western Australia

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 20 September 2022.

(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 | 235 | 22,297 |
| 1,001 – 5,000 | 107 | 351,013 |
| 5,001 – 10,000 | 134 | 1,059,661 |
| 10,001 – 100,000 | 1,103 | 52,502,900 |
| 100,001 and over | 1,052 | 1,163,399,268 |
| | 2,631 | 1,217,335,139 |
| The number of equity security holders holding less than a marketable parcel of securities are: | 1,126 | 21,098,225 |

(b) Twenty largest shareholders

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

Top Holders Grouped

| Position | Holder Name | Holding | % IC |
|----------|--|----------------------|----------------|
| 1 | AU XINGAO INVESTMENT PTY LTD | 87,654,129 | 7.20% |
| 2 | ANOVA METALS LIMITED | 35,762,303 | 2.94% |
| 3 | AWAKENING INVESTMENT PTY LTD | 21,597,005 | 1.77% |
| 4 | MRS VINEETA GUPTA | 20,733,821 | 1.70% |
| 5 | HOLY INVESTMENTS PTY LTD | 17,334,866 | 1.42% |
| 6 | BNP PARIBAS NOMS PTY LTD | 17,151,318 | 1.41% |
| 7 | AZUNA FOODS PTY LTD | 17,000,000 | 1.40% |
| 8 | MR MARCUS STEVEN DING | 15,883,928 | 1.30% |
| 9 | MR PHILLIP JAMES EDMONDS | 15,500,000 | 1.27% |
| 10 | MS CHUNYAN NIU | 15,000,000 | 1.23% |
| 11 | MR GIOVANNI DEL CONTE | 14,849,612 | 1.22% |
| 12 | SOCIETE DE POLYSERVE POUR LES ENGRAIS ET PRODUITS CHIMIQUES SAIC | 14,703,962 | 1.21% |
| 13 | STC SUPER HOLDINGS PTY LTD | 10,826,679 | 0.89% |
| 14 | TORNADO NOMINEES PTY LTD | 10,000,000 | 0.82% |
| 15 | MERINDA HOLDINGS PTY LTD | 9,484,794 | 0.78% |
| 16 | MR LUKE HUANG | 8,947,470 | 0.74% |
| 17 | MR HONG LAM PHAM | 8,553,885 | 0.70% |
| 18 | MGL CORP PTY LTD | 8,000,000 | 0.66% |
| 19 | FIRST INVESTMENT PARTNERS PTY LTD | 7,500,000 | 0.62% |
| 19 | TRINITY DIRECT PTY LTD | 7,500,000 | 0.62% |
| 20 | MR BRETT WILMOTT | 7,153,567 | 0.59% |
| | Total | 371,137,339 | 30.49% |
| | Total issued capital - selected security class(es) | 1,217,335,139 | 100.00% |

(c) Substantial shareholders

| Name | Units | % Units |
|------------------------------|------------|---------|
| AU XINGAO INVESTMENT PTY LTD | 87,654,129 | 7.20% |

(d) Unquoted Equity Securities

The names of the security holders holding more than 20% or more of any unlisted class of security, other than those securities issued or acquired under an employee incentive scheme, are listed below:

| | UNLISTED OPTIONS EXP 07/09/23 @ \$0.025 | UNLISTED OPTIONS EXP 07/09/23 @ \$0.035 |
|-------------------------|---|---|
| TAYCOL NOMINEES PTY LTD | 6,000,000 | 6,000,000 |
| TOTAL HOLDERS | 1 | 1 |

(e) Voting rights

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

(f) 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.

(g) Schedule of interest in mining tenements

| LOCATION | TENEMENT | PERCENTAGE HELD / EARNING |
|--|-----------|------------------------------|
| Arruwurra, Northern Territory | EL29840 | 100 |
| Dalmore, Northern Territory | EL29849 | 100 |
| Central Wonarah, Northern Territory | EL32359 | 100 |
| South Arruwurra, Northern Territory ⁽¹⁾ | EL33193 | 100 |
| East Murchison, Western Australia | E 53/2078 | 100 |
| East Murchison, Western Australia | E 53/2079 | 100 |
| East Murchison, Western Australia | E 53/1856 | 100 |
| East Murchison, Western Australia | E 53/1859 | 100 |
| Darlot, Western Australia | P 37/9539 | 100 |
| Barwidgee, Western Australia ⁽¹⁾ | P 53/1712 | 100 |
| Barwidgee, Western Australia ⁽¹⁾ | P 53/1713 | 100 |

(1) Tenements granted in July 2022