AVENIRA LIMITED

ABN 48 116 296 541

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by Avenira Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors submit their report on the consolidated entity consisting of Avenira Limited and the entities it controlled (Avenira or the Group) at the end of, or during, the half-year ended 31 December 2017.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

Dr Christopher Pointon (Independent Non-Executive Chairman)
Louis Calvarin (Managing Director and CEO)
Ian McCubbing (Independent Non-Executive Director)
Timothy Cotton (Non-Executive Director)
Farouk Chaouni (Non-Executive Director)
David Mimran (Non-Executive Director)
Brett Clark (Independent Non-Executive Director- appointed 13 December 2017)

The Directors held their position throughout the entire half year period and up to the date of this report unless stated otherwise.

REVIEW OF OPERATIONS

The Review of operations should be read in conjunction with the half-year statements, the consolidated annual financial report of the Group as at 30 June 2017 and considered together with any public announcements made by the Group during the half-year ended 31 December 2017 in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Baobab Phosphate Project

Expansion and Upgrade Project

During the 2017 calendar year, the Company has established a strategic plan for its Baobab Phosphate Project, focused first on a major expansion and upgrade of the existing Baobab Project's beneficiation plant at Gadde Bissik mine to bring it to a sustainable operational level, and subsequently on implementing next-step investments towards its longer-term objective of downstream integration.

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

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

The 2017 conceptual engineering study concluded that upgrading the processing plant and increasing its nameplate capacity to 1 Mtpa of high-grade phosphate rock concentrate, could be undertaken for an upfront capital expenditure of approximately US$53.4 million (to ± 30% accuracy) within processing unit battery limits. This expansion should significantly improve product specifications and place the Baobab Project in a globally competitive unit operating cost position, on a quality adjusted basis.

Following the positive conceptual study, the Company has embarked on the next phases of its strategic plan, to include more detailed engineering work, approvals and financing. The Company anticipates using a combination of debt and equity, supported by off-take agreements, to finance and implement the expansion and upgrade project. Private equity, off-takers and other strategic investors (including the Company's existing shareholders) will be targeted to cornerstone the equity component. For the debt, the Company has received preliminary interest from local and international banks and development finance institutions.

Forward Work Program

Following completion of the Entitlement Offer and Placement capital raising (detailed under Investments and Corporate Information section on page 7), the Company plans to expedite the remaining activities required to facilitate funding and make a Final Investment Decision on the expansion and upgrade project.

Directors' Report

Though subject to change, this includes the following current targeted milestones:

Completion of Ore Reserve estimate	Q2 2018
Award of Large Mine Concession (Exploitation Permit)	Q1 to early Q2 2018
Feasibility Study Class 3 Cost Estimate	Q2 to early Q3 2018
Feasibility Study ±15% Cost Estimate	Q4 2018

Mining and Processing

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

Crushing and processing of mined ore from the ROM pad recommenced following the end of the wet season in preparation for the third shipment, which took place early in January. These operations will be ongoing during the first half of 2018 in preparation for additional sales.

The Company's operational priority is to complete the targeted 1 Mtpa nameplate capacity expansion and upgrade engineering and feasibility studies, whilst also securing off-take, approvals and financing. Once the final decision to invest is made, the Company's focus will shift to a successful implementation of this capital investment project. In the meantime, mining activities at Baobab Project (as distinct from ore processing activities mentioned above), if any, are expected to be limited in scope.

Bargny-Sendou Port

During the half year the Company entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of this new bulk solids and liquids port development east of Dakar, from which exports will be shipped in the future. A port project construction kick-off ceremony was held on 27 November, and civil works (land clearing and levelling) have started since then.

Geology and exploration

<u>Gadde Bissik Area</u>

The project location is shown in Figure 1.

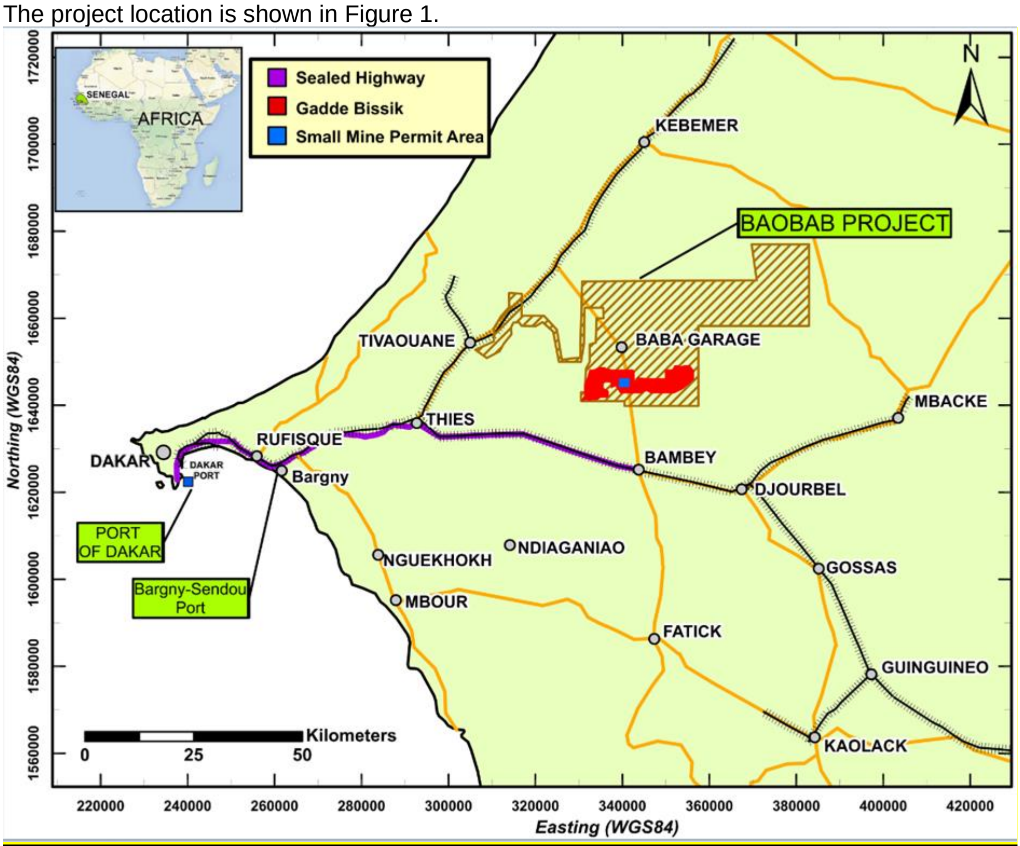

Figure 1: Project location plan

Directors' Report

The Group released two updated Mineral Resource estimates since the beginning of the reporting period significantly increasing the potential longevity of the Baobab Phosphate Project. The first was released on 12 October 2017 with updated an Indicated Resource tonnage of 34.9 million tonnes at 20.7% P_2O_5 at a cut-off grade of 15% P_2O_5, 11% higher than the previous estimate, and Inferred Resource tonnage of 156 million tonnes at 18% P2O5 at a cut-off grade of 15% P_2O_5, 37% higher than the previous estimate (both as announced on 2 March 2017).

Subsequent to the half-year a second upgraded mineral resource estimate was released to the market on the 5 February 2018 with updated Inferred Mineral Resource estimates of 173 million tonnes at 18% P_2O_5 at a 15% cut-off grade of 15% P_2O_5, 10.9 % higher than the previously estimated Inferred Resource tonnage at Gadde Bissik as reported on the 12 October 2017. Indicated Mineral resource estimates remains at 34.9 million tonnes at 20.7% P_2O_5 at a 15% cut-off grade of 15% P_2O_5.

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

The tables below summarise the current Mineral Resource estimate, including depletion by mining to date, at a P_2O_5 cut-off grade of 15% (Table 1) and at a P_2O_5 cut-off grade of 10% (Table 2). The figures in the tables are rounded to reflect the precision of estimates and include rounding errors.

GADDE BISSIK MINERAL RESOURCE TABLE - EFFECTIVE DATE 31/01/2018									
Cut-off grade 15% P_2O_5									
Area		Resource Category	Mt	P_2O_5 %	CaO %	MgO %	Al2O3 %	Fe2O3 %	SiO2 %
Gadde Bissik East	Within SMP	Indicated	27.2	21	29	0.08	2.10	3.68	40.7
		Inferred	2	20	28	0.14	2.6	2.7	43
	Outside SMP	Indicated	7.7	19.6	27.2	0.08	2.28	3.93	44
		Inferred	80	18	25	0.12	2.9	3.6	47
	Combined	Indicated	34.9	20.7	28.6	0.08	2.14	3.74	41.4
		Inferred	82	18	25	0.12	2.9	3.6	47
Gadde Bissik West		Inferred	6	17	23	0.2	5.1	6.7	42
Gandal		Inferred	16	18	25	0.1	3.4	8.8	41
Gadde Escale		Inferred	48	18	26	0.1	2.2	2.9	47
Dinguiraye		Inferred	21	19	27	0.2	3.1	3.3	43
Total Resources		Indicated	34.9	20.7	28.6	0.08	2.14	3.74	41
		Inferred	173	18	25	0.13	2.8	4	46

Table 1: Mineral Resource Table - Cut-off grade 15% P_2O_5

GADDE BISSIK MINERAL RESOURCE TABLE - EFFECTIVE DATE 31/01/2018									
Cut-off grade 10% P_2O_5									
Area		Resource Category	Mt	P_2O_5 %	CaO %	MgO %	Al2O3 %	Fe2O3 %	SiO2 %
Gadde Bissik East	Within SMP	Indicated	31.5	20	28	0.09	2.19	3.80	42.9
		Inferred	3	18	24	0.15	3.0	2.9	49
	Outside SMP	Indicated	10.5	17.9	24.7	0.08	2.40	4.10	47
		Inferred	142	16	22	0.17	3.4	3.9	51
	Combined	Indicated	42.0	19.4	26.8	0.09	2.24	3.88	44.0
		Inferred	145	16	22	0.17	3.4	3.9	51
Gadde Bissik West		Inferred	26	13	17	0.4	6.7	7.0	48
Gandal		Inferred	32	15	21	0.1	4.2	7.9	46
Gadde Escale		Inferred	82	16	23	0.2	2.4	3.0	52
Dinguiraye		Inferred	35	17	25	0.2	3.4	3.7	46
Total Resources		Indicated	42.0	19.4	26.8	0.09	2.24	3.88	44
		Inferred	320	16	22	0.18	3.5	4	50

Table 2: Mineral Resource Table - Cut-off grade 10% P_2O_5

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

At the Gadde Bissik East area, drill holes outside and along the eastern edge of the SMP perimeter and those inside, in the southern part of the SMP, were designed to increase the Indicated Resources. The drilling further east of the SMP, in the direction of Gadde Escale prospect, at a broader spaced grid, had the objective to increase the Inferred Resources. Results from 22 additional diamond holes drilled within the resource area to the north, and in extension to the east have increased the Inferred Resources. An Inferred Resource of 82 million tonnes at 18 % P_2O_5 at 15% P_2O_5 cut-off is now estimated for this area. Further infill drilling is warranted around the better intercepts.

At Gadde Escale (formerly Gad Escale), results from 12 additional diamond holes drilled at the western, southern and northern margins of the resource area have increased the Inferred Resources. An Inferred Resource of 48 million tonnes at 18 % P_2O_5 at 15% P_2O_5 cut-off has now been estimated. The prospect is open to the east, south and west and further drilling in this area is warranted, with the dual objective to increase the area of the Resource and to identify the areas of thicker, higher grade mineralisation.

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

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

An area of less densely-spaced drilling peripheral to the current Inferred Resource areas is categorised as an Exploration Target with an estimated tonnage of around 30 million tonnes to 60 million tonnes at approximately 16 to 20% P_2O_5. The potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain that future exploration will result in estimation of a Mineral Resource.

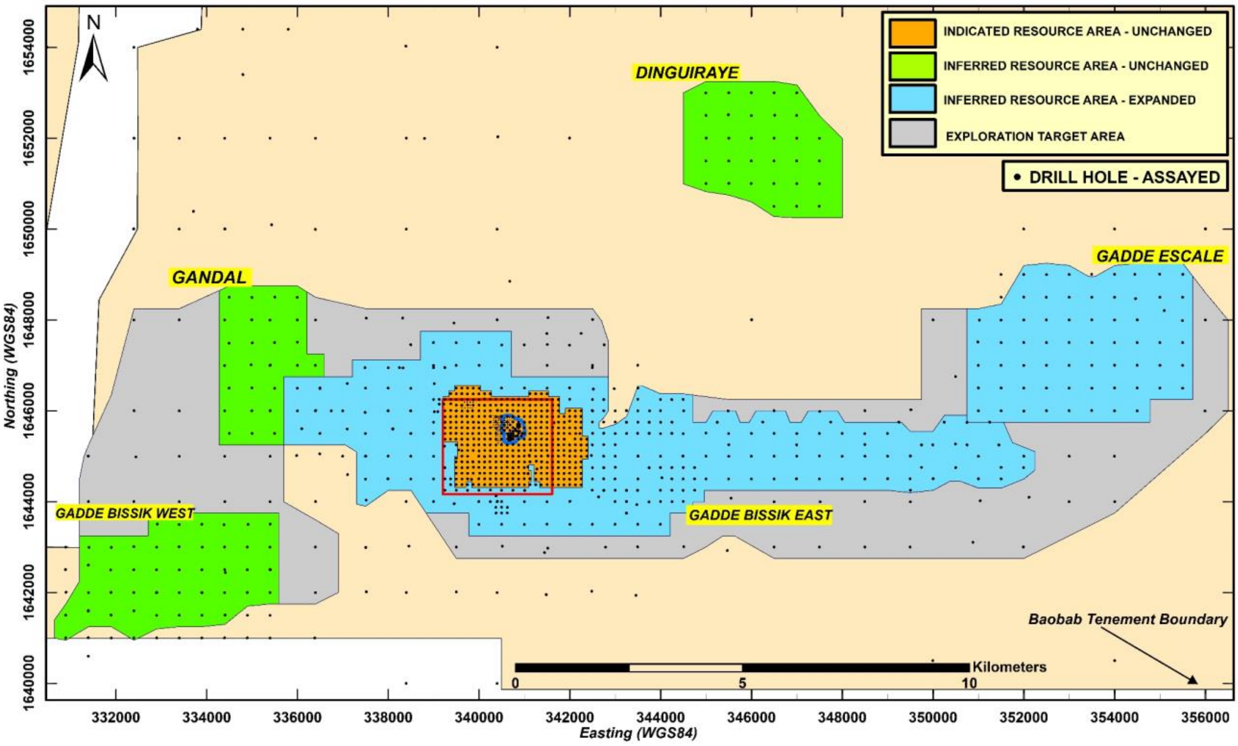

Figure 2: Resource location plan. Small mine permit outline in red. Current pit outline in blue.

Mining Support

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

Directors' Report

Furthermore, 10 air core holes at 250 x 250 m grid-spaced have been drilled, mainly outside and along the west border the SMP perimeter (Table 1). The aim was to confirm condemnation of areas for construction of future infrastructure and processing facilities. Based on visual observation of the drilling cuttings, there appears no reason for any change to the planned footprint; the phosphate horizon, though present, is too thin and deep to have economic potential. One hole intercepted a 5 m thick phosphate sequence, however visual sample observations suggest a low-grade mineralization.

Drilling statistics for the half-year is as follows:

BAOBAB PROJECT	Air core drilling		Diamond drilling	
Purpose of drilling	Holes	Metres	Holes	Metres
Regional exploration	-	-	-	-
Resource definition				
- Within SMP	1	47	-	-
- Outside SMP	9	408	31	1,314
TOTAL	10	455	149	1,314

Table 3: Drilling statistics – 1 July 2017 to 31 December 2017

Permitting

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

The Company submitted its Cherif Lo-Ngakham exploration permit three-year renewal application to the Senegalese government during the month of May. The renewal was granted by the Senegalese government on 27 July 2017 for a period to 27 July 2020. The new permit area covers 1,163 km2.

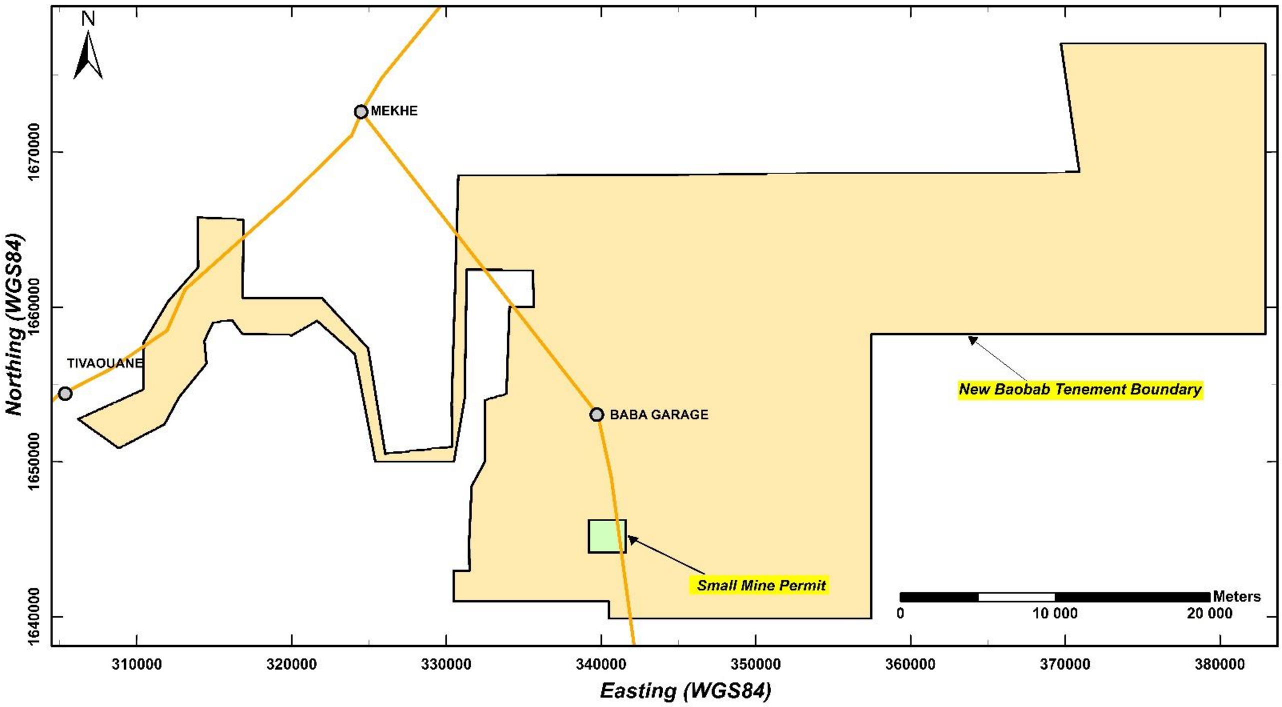

Figure 3: Cherif Lo-Ngakham permit new boundary after renewal

Safety and community

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

The Company continued to collaborate closely with the local communities through the July-December 2017 half year. Starting with the inception of the rainy season in July and scaling back in operations, most local community members have been tending their fields and rotational employment at the Baobab Project has been scaled back to a minimum.

Marketing

On 19 January 2018 the Company announced that it had completed its third shipment. The vessel, loaded with 25,155 tonnes of Gadde Bissik phosphate rock concentrate departed from the port of Dakar. In addition, 1,646 tonnes of phosphate concentrate have been sold locally during the half year.

Directors' Report

Other

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

Gossas Project

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

Wonarah Phospate Project

During the half-year the Company continued to take action to reduce the holding costs of the Wonarah project until the commercial validation of the IHP technology.

JDC Phosphate Inc.

Avenira owns approximately 7.0% of JDC Phosphate, Inc. (JDCP) and has an exclusive licence to utilise the Improved Hard Process (IHP) technology in Australia and Senegal for an extended period of time.

In July 2017 JDCP announced that it has raised significant equity financing from Stonecutter Phosphate Investors LLC, which will accelerate commercialisation of the company's IHP technology for producing high-grade phosphoric acid using low-grade phosphate rock, a patented process that eliminates the large volume of phosphogypsum waste that is a necessary by-product of the traditional phosphoric acid process. Since that time, JDCP has been modifying its facility in Fort Meade, Florida to allow it to gather the processing data for the design of a full-scale commercial IHP plant. The facility will test various qualities of phosphate rock raw material in the IHP process, allowing potential licensors to validate the process for the phosphate ore sources that they have available. JDCP expects to complete the plant modifications early in 2018. Independent engineering studies will be conducted ahead of commercial deployment of IHP.

INVESTMENTS AND CORPORATE INFORMATION

Board changes

On 14 December 2017 the Company announced the appointment of Mr Brett Clark as an independent non-executive director.

Financing

On 9 June 2017, the Company announced its three-stage plan to secure the financing required to fund the completion of the expansion and upgrade investment and the Company's ongoing working capital requirements. The first stage was to secure short-term financing in June 2017 by way of shareholder loans from shareholders Tablo and Agrifos totalling US$4.9 million (Shareholder Bridge Loans). During the half year the Company drew down the remaining US$3.6 million available under the Shareholder Bridge Loans.

The second stage was a renounceable pro rata entitlement offer (Entitlement Offer) of new shares to raise up to A$13 million (before costs) to progress the strategic plan and to fund the repayment of the Shareholder Bridge Loans. The final stage of funding will comprise a combination of debt and equity with a significant capital raising likely to take place within the next 6 to 12 months.

Entitlement Offer

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

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

The Shortfall Shares were allocated in accordance with the Shortfall Allocation Policy detailed in the Offer Document. The Company received subscriptions for 40,362,500 Shortfall Shares from Tablo Corporation and 85,785,375 Shortfall Shares from Agrifields DMCC, the Underwriters of the Entitlement Offer. The Agrifields Shortfall Shares were paid for in two tranches: A$500,000 was received on 13 December 2017 and A$3,617,698 was received in January 2018.

Directors' Report

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

Placement

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

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

FINANCIAL REVIEW

During the half year ended 31 December 2017 the Group reported an operating loss of $342,414 (half-year to 31 December 2016: loss of $16,392,969).

As at 31 December 2017 the total cash balance was $2,387,835 (30 June 2017: $2,946,100).

DIVIDENDS

No dividends were paid or declared during the six months ended 31 December 2017. No recommendation for payment of dividends has been made.

SUBSEQUENT EVENTS

On 19 January 2018, the Company successfully completed the shipment from the port of Dakar of 25,155 tonnes of Gadde Bissik phosphate rock concentrate at the Baobab Phosphate Project in the Republic of Senegal.

On 19 January 2018, the Company received the second tranche of funds totalling A$3,617,698 from the Underwriter, Agrifields DMCC and 85,785,375 ordinary shares were issued to Agrifields DMCC. The Company has now received the full A$15 million raised under the Entitlement Offer and Placement of Shortfall.

In early January 2018 Senegalese subsidiary company, Gadde Bissik Phosphate Operations SUARL, received a VAT refund of XOF 1.6 billion (A$3.7 million) in the form of tax certificates convertible to cash on its outstanding VAT receivable from the Senegalese Tax Authority following approval from the Senegalese Tax Commissioner

Other than stated above, since 31 December 2017 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

AUDITORS' 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 9.

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

Louis Calvarin
CEO

Perth, 15 March 2018

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Auditor's Independence Declaration to the Directors of Avenira Limited

As lead auditor for the review of Avenira Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

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

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
15 March 2018

GB:EH:AEV:035

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 31 December 2017 $	31 December 2016 $
REVENUE			
Other income		**23,580**	154,467
EXPENDITURE			
Depreciation and amortisation expense	5,8	**(166,861)**	(98,191)
Salaries and employee benefits expense		**(948,571)**	(641,358)
Exploration expenditure		**(112,369)**	-
Impairment of exploration and evaluation expenditure	6	**(78,430)**	(9,478,523)
Impairment of mine development expenditure	7	**(540,000)**	(641,915)
Reversal of provision for doubtful debts / (doubtful debts)	3	**3,393,933**	(2,465,150)
Interest expense		**(188,358)**	-
Share based payment expense		**(40,669)**	(266,361)
Net foreign currency loss		**(279,078)**	(5,322)
Administrative and other expenses		**(1,567,591)**	(2,950,616)
LOSS BEFORE INCOME TAX		**(504,414)**	(16,392,969)
INCOME TAX BENEFIT		**162,000**	-
LOSS FOR THE PERIOD		**(342,414)**	(16,392,969)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translation of foreign operations			
Exchange differences arising during the period		**1,544,810**	(879,131)
		1,544,810	(879,131)
Available-for-Sale-Financial assets			
Net fair value gain on available-for-sale financial assets		**-**	62,469
		-	62,469
Other comprehensive income / (loss) for the period, net of tax		**1,544,810**	(816,662)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**1,202,396**	(17,209,631)
Income / (Loss) for the period is attributable to:			
Owners of Avenira Limited		**(601,125)**	(15,965,396)
Non-controlling interest		**258,711**	(427,573)
		(342,414)	(16,392,969)
Total comprehensive income / (loss) for the period is attributable to:			
Owners of Avenira Limited		**748,557**	(16,463,598)
Non-controlling interest		**453,839**	(746,033)
		1,202,396	(17,209,631)
LOSS PER SHARE			
From continuing operations			
Basic loss per share (cents)		**(0.10)**	(3.03)
Diluted loss per share (cents)		**(0.10)**	(3.03)

The above Consolidated Statement of Profit or 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 31 DECEMBER 2017

		Consolidated	
	Notes	31 December 2017 $	30 June 2017 $
CURRENT ASSETS			
Cash and cash equivalents		**2,387,835**	2,946,100
Trade and other receivables	3	**4,111,020**	1,205,601
Inventories	4	**2,090,526**	3,456,258
TOTAL CURRENT ASSETS		**8,589,381**	7,607,959
NON-CURRENT ASSETS			
Trade and other receivables		**1,481,600**	1,481,600
Available-for-sale financial assets		**31,239**	31,239
Plant and equipment	5	**1,462,779**	1,339,077
Capitalised exploration and evaluation expenditure	6	**9,532,602**	8,722,989
Capitalised mine development expenditure	7	**53,124,775**	47,579,578
Intangible assets	8	**152,027**	84,152
Other assets	9	**678,622**	-
Goodwill	10	**-**	-
TOTAL NON-CURRENT ASSETS		**66,463,644**	59,238,635
TOTAL ASSETS		**75,053,025**	66,846,594
CURRENT LIABILITIES			
Trade and other payables		**3,243,209**	4,726,426
Provisions		**199,683**	186,404
Loans and borrowings	11	**1,432,579**	1,987,997
TOTAL CURRENT LIABILITIES		**4,875,471**	6,900,827
NON-CURRENT LIABILITIES			
Provisions		**2,475,683**	2,430,202
Loans and borrowings	11	**6,248,410**	6,516,600
Deferred tax liabilities		**4,251,078**	4,413,080
TOTAL NON-CURRENT LIABILITIES		**12,975,171**	13,359,882
TOTAL LIABILITIES		**17,850,642**	20,260,709
NET ASSETS		**57,202,383**	46,585,885
EQUITY			
Issued capital	12	**135,862,692**	125,037,889
Reserves		**25,376,919**	25,147,663
Accumulated losses		**(109,258,130)**	(108,657,005)
Capital and reserves attributable to members of Avenira Limited		**51,981,481**	41,528,547
Non-controlling interest		**5,220,902**	5,057,338
TOTAL EQUITY		**57,202,383**	46,585,885

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated	Notes	Attributable to Owners of Avenira Limited					
		Issued Capital $	Reserves $	Accumulated Losses $	Total $	Non-Controlling Interest $	Total $
BALANCE AT 30 JUNE 2016		119,817,389	26,036,371	(81,189,960)	64,663,800	7,557,783	72,221,583
Loss for the period		-	-	(15,965,396)	(15,965,396)	(427,573)	(16,392,969)
Other comprehensive income for the period		-	(498,202)	-	(498,202)	(318,460)	(816,662)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	(498,202)	(15,965,396)	(16,463,598)	(746,033)	(17,209,631)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the period		452,500	-	-	452,500	-	452,500
Share based payments		-	266,361	-	266,361	-	266,361
BALANCE AT 31 DECEMBER 2016		120,269,889	25,804,530	(97,155,356)	48,919,063	6,811,750	55,730,813
BALANCE AT 30 JUNE 2017		**125,037,889**	**25,147,663**	**(108,657,005)**	**41,528,547**	**5,057,338**	**46,585,885**
Profit/ (loss) for the period		**-**	**-**	**(601,125)**	**(601,125)**	**258,711**	**(342,414)**
Other comprehensive income for the period		**-**	**1,349,682**	**-**	**1,349,682**	**195,128**	**1,544,810**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**1,349,682**	**(601,125)**	**748,557**	**453,839**	**1,202,396**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the period	12	**10,902,303**	**-**	**-**	**10,902,303**	**-**	**10,902,303**
Unissued shares	12	**500,000**	**-**	**-**	**500,000**	**-**	**500,000**
Share issue transaction costs	12	**(577,500)**	**-**	**-**	**(577,500)**	**-**	**(577,500)**
Share based payments	13(b)	**-**	**(1,120,426)**	**-**	**(1,120,426)**	**(290,275)**	**(1,410,701)**
BALANCE AT 31 DECEMBER 2017		**135,862,692**	**25,376,919**	**(109,258,130)**	**51,981,481**	**5,220,902**	**57,202,383**

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

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,473,644)**	(6,875,188)
Payments for exploration expenditure		**(112,369)**	-
Payments of interest		**(171,402)**	-
Interest received		**23,580**	201,782
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(1,733,835)**	(6,673,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests		**(837,703)**	(1,475,787)
Payments for mine development		**(8,150,943)**	(8,754,523)
Payments for plant and equipment		**(254,904)**	(768,135)
Payments for intangibles		**(78,890)**	-
Receipts for sales capitalised to mine development		**975,058**	-
Payments for licence rights		**-**	(466,318)
Loans to other entities		**-**	(2,202,149)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(8,347,382)**	(13,666,912)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**11,382,303**	452,500
Transaction costs on issue of shares		**(577,500)**	-
Repayments of loans		**(6,454,188)**	-
Proceeds from loans and borrowings		**5,163,484**	4,451,745
NET CASH INFLOW FROM FINANCING ACTIVITIES		**9,514,099**	4,904,245
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(567,118)**	(15,436,073)
Cash and cash equivalents at the beginning of the period		**2,946,100**	24,473,574
Effects of exchange rate changes on cash and cash equivalents		**8,853**	(46,184)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**2,387,835**	8,991,317

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

Notes to the Consolidated Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION

(a) Reporting Entity

The financial report of Avenira Limited and its subsidiaries (collectively, Avenira or the Group) for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 14 March 2018.

Avenira Limited (the Company) is a for profit company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded. The company's principal place of business is Suite 19, 100 Hay Street, Subiaco WA 6008.

The Group's principal activities are the exploration, development and production of valuable phosphate and other nutrient projects.

(b) Basis of preparation

The interim financial report for the half-year reporting period ended 31 December 2017 is a general purpose condensed financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: Interim Financial Reporting.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Avenira Limited and its controlled entities (Avenira or the Group) as the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual report of the Group for the year ended 30 June 2017 and considered together with any public announcements made by Avenira during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017 and any new accounting policies outlined at 1(d).

(c) Going concern

At 31 December 2017, the Group had cash on hand of A$2,387,835 (30 June 2017: A$2,946,100). The Group's cash flow forecast for the period ending 31 March 2019 has been prepared based on cost estimates which are currently available to the Group and is sensitive to the assumed cash flows from the Group's Baobab Phosphate Project in Senegal ("Baobab").

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

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

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

- The strong support of existing and new shareholders and the continued strong support from the major shareholders including:
  i. During the last six months the Group successfully raised A$15 million via a A$13 million Entitlement Offer to existing shareholders and a A$2 million Placement to new shareholders
  ii. In June 2017 the Group raised A$2.5 million via a Share Purchase Plan ("SPP") to existing shareholders
  iii. Continued strong support of its two major shareholders, Agrifos Partners LLC and Tablo Corporation, an affiliate of Groupe Mimran via the provision of bridge loans and through the participation in the Entitlement Offer
  iv. Significant participation in the SPP and as an underwriter in the Entitlement Offer has resulted in Agrifields DMCC becoming a major shareholder
- The Group is seeking additional financing in the next 6 to 12 months via a combination of debt and equity, supported by off-take agreements, to finance and implement the expansion and upgrade project. Private equity, off-takers and other strategic investors (including the Company's existing shareholders) will be targeted to cornerstone the equity component. For the debt, the Company has received preliminary interest from local and international banks and development finance institutions
- The Group has a historical track record of being able to secure additional working capital as and when required. Sources could include additional sales, reduced expenditure and VAT refunds in Senegal, including a refund in January 2018 of XOF 1.6 billion (US$2.9 million) on its outstanding VAT receivable from the Senegalese Tax authority.

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

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION (cont …)

able to meet its debts as and when they fall due and thus continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017, except for the adoption of new standards and interpretations effective as of 1 July 2017. Although these amendments apply for the first time in the 2018 financial year, they do not have a material impact on the interim financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2017 and 2016, respectively.

Six months ended 31 December 2017	Wonarah $	Baobab $	Unallocated – Other Segments $	Total Consolidated $
Revenue				
Other income	**18,265**	**-**	**5,315**	**23,580**
Total segment revenue	**18,265**	**-**	**5,315**	**23,580**
Segment net loss	**(81,610)**	**1,217,042 [1]**	**(1,477,846)**	**(342,414)**

[1] Includes mine development impairment expense of $540,000 and reversal of bad debt provision of $3,393,933.

Six months ended 31 December 2016	Wonarah $	Baobab $	Unallocated – Other Segments $	Total Consolidated $
Revenue				
Other income	20,815	14,431	119,221	154,467
Total segment revenue	20,815	14,431	119,221	154,467
Segment net loss	(9,481,918)	(2,222,414)	(4,688,637)[2]	(16,392,969)

[2] Includes doubtful debts expense of $2,465,150

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2017 and 30 June 2017, respectively.

	Wonarah $	Baobab $	Unallocated – Other Segments $	Total Consolidated $
Assets				
31 December 2017	**7,481,565**	**65,202,624**	**2,368,836**	**75,053,025**
30 June 2017	7,493,847	56,325,573	3,027,175	66,846,594
Liabilities				
31 December 2017	**1,294,719**	**15,246,964**	**1,308,959**	**17,850,642**
30 June 2017	1,289,847	16,698,029	2,272,833	20,260,709

3. TRADE AND OTHER RECEIVABLES

	31 December 2017 $	30 June 2017 $
Trade Receivables	**41,685**	1,016,743
Government taxes receivable (i)	**4,172,185**	4,282,642
Provision for impairment (i)	**(239,646)**	(4,252,348)
Prepayments	**43,140**	80,648
Sundry receivables	**11,986**	13,650
Sundry deposits	**81,670**	64,266
	4,111,020	1,205,601

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

3. TRADE AND OTHER RECEIVABLES (cont…)

(i) Finalisation of a VAT refund claim in Senegal resulted in the approval of a VAT refund of $3,629,684. This resulted in the reversal of a previously impaired VAT receivable balance of $3,629,684 at 31 December 2017. Furthermore, based on historical VAT recovery outcomes the Company has determined that 30% of the outstanding VAT receivable still subject to approval in Senegal should be provided for resulting in an impairment of $239,646.

4. INVENTORIES

	31 December 2017 $	30 June 2017 $
Inventories valued at net realisable value	**2,090,526**	3,456,258
	2,090,526	3,456,258

At 31 December 2017 the inventory cost, comprising ore and stock consumables, was $11,017,253 while the inventory net realisable value was $2,090,526. The total difference has been transferred to the capitalised mine development pending the commencement of commercial production.

5. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	31 December 2017 $	30 June 2017 $
Cost	**2,101,279**	1,805,663
Accumulated depreciation	**(638,500)**	(466,586)
Net carrying amount	**1,462,779**	1,339,077
Movements in carrying amounts		
Opening net carrying amount	**1,339,077**	800,789
Additions	**239,085**	825,952
Disposals	**-**	(25,300)
Depreciation	**(156,095)**	(256,458)
Foreign currency exchange differences	**40,712**	(5,906)
Closing net carrying amount	**1,462,779**	1,339,077

6. NON-CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2017 $	30 June 2017 $
Reconciliation of movements of exploration and evaluation costs in respect of areas of interest		
Opening net carrying amount	**8,722,989**	15,418,499
Capitalised exploration and evaluation costs	**798,353**	2,970,612
Impairment of exploration and evaluation expenditure	**(78,430)**	(9,431,555)
Research and development tax refund	**-**	(234,567)
Foreign currency exchange differences	**89,690**	-
Closing net carrying amount	**9,532,602**	8,722,989

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

A valuation review conducted by Optiro in December 2016 revealed that the fair market value of the Wonarah Project has decreased from the valuation prepared at June 2016. Optiro's valuation lied within a range of $6,100,000 and $10,700,000, based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources (level 3 in the fair value hierarchy).

Considering that no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ending 30 June 2018 and that there has been a delay in the commercialisation of the IHP technology, the directors consider that the low end of the independent expert's range is most representative of the fair value less costs of disposal of the Wonarah Project, consistent with the position taken by the Group at 30 June 2017.

The recoverable amount is calculated as $5,978,000, after allowing for estimated costs of disposal. Subsequent reviews conducted by Optiro in June 2017 and December 2017 revealed the fair market value of the Wonarah Project had not changed from the December 2016 valuation. As a result, during the reporting period an amount of $78,430 (30 June 2017: $9,431,555) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

6. NON-CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE (cont …)

Impairment of the Baobab Phosphate Project capitalised exploration expenditure has been assessed as part of the impairment assessment of the Baobab CGU, refer to Note 7 for further details. There was no impairment of the Baobab Phosphate Project capitalised exploration expenditure at 31 December 2017.

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.

7. NON-CURRENT ASSETS – CAPITALISED MINE DEVELOPMENT EXPENDITURE

	31 December 2017 $	30 June 2017 $
Reconciliation of movements during the period		
Opening net carrying amount	**47,579,578**	35,526,331
Capitalised mine development	**2,353,410**	6,828,127
Capitalised provision for rehabilitation	**-**	(1,563,914)
Net loss on product sold	**146,592**	2,530,984
Inventory write down to net realisable value	**2,118,701**	6,592,619
Impairment of mine development expenditure	**(540,000)**	(1,233,059)
Foreign currency transaction movement	**1,466,494**	(1,101,510)
Closing net carrying amount	**53,124,775**	47,579,578

The capitalised mine development represents the costs incurred in preparing the mine for production and includes plant and equipment under construction, stripping and waste removal costs incurred before commercial production commences at the Baobab Phosphate Project. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases.

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

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

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

As a result, during the period an amount of $540,000 (30 June 2017: $5,954,404) was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The 31 December 2017 impairment loss was allocated to the capitalised mine development expenditure. The 30 June 2017 impairment loss was allocated firstly to Goodwill in the amount of $4,721,345, with the balance of $1,233,059 allocated to the capitalised mine development expenditure.

The Group has determined at 31 December 2017 the Baobab Phosphate Project remains in the development/construction phase.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

8. NON-CURRENT ASSETS – INTANGIBLES

	31 December 2017 $	30 June 2017 $
Intangibles		
Licence rights at cost	**172,349**	93,458
Accumulated amortisation and impairment losses	**(20,322)**	(9,306)
Net carrying amount	**152,027**	84,152
Movements in carrying amounts		
Opening net carrying amount	**84,152**	192,619
Additions	**78,201**	551,890
Impairment (i)	**-**	(641,826)
Amortisation	**(10,765)**	(6,731)
Foreign exchange revaluation	**439**	(11,800)
Closing net carrying amount at year end	**152,027**	84,152

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

9. OTHER ASSETS

During the half year the Company entered into a lease agreement with Senegal Minergy Port to secure a parcel of land in the Industrial Free Zone of this new bulk solids and liquids port development east of Dakar, from which exports will be shipped in the future. An upfront payment of $678,622 (XOF290 million) was required under the agreement. This amount will be amortised on a pro rata basis over the term of the lease, being 25 years.

10. NON-CURRENT ASSETS – GOODWILL

	31 December 2017 $	30 June 2017 $
Goodwill		
Goodwill acquired in business combination	**-**	-
Net carrying amount	**-**	-
Movements in carrying amounts		
Opening net carrying amount	**-**	4,746,961
Provision for impairment	**-**	(4,721,345)
Foreign currency translation movement	**-**	(25,616)
Net carrying amount at year end	**-**	-

The goodwill arose on acquisition of Baobab Mining and Chemicals Corporation on 23 September 2015. Goodwill was impaired in full following the Group's 30 June 2017 annual impairment test.

11. LOANS AND BORROWINGS

Current	Interest rate %	31 December 2017 $	30 June 2017 $
Bridge loans – unsecured (i)	**6.00**	**-**	1,304,703
Finance facility – secured (ii)	**6.75**	**1,432,579**	683,294
Total current loans and borrowings		**1,432,579**	1,987,997

Non-current	Interest rate %	31 December 2017 $	30 June 2017 $
Finance facility – secured (ii)	**6.75**	**3,565,215**	4,002,155
Other loan – unsecured (iii)	**6.75**	**2,683,195**	2,514,445
Total non-current loans and borrowings		**6,248,410**	6,516,600

(i) In June 2017 the Company entered into funding agreements with each of its two major shareholders, Agrifos Partners LLC ("Agrifos") and Tablo Corporation, an affiliate of Groupe Mimran ("Mimran") ("Major Shareholders"), whereby Agrifos would provide an unsecured bridge loan of US $1,440,000 (A$1,879,000) to the Company and Mimran would provide an unsecured bridge loan of US$2,160,000

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

11. LOANS AND BORROWINGS (cont…)

(A$2,818,000) to the Company (together the "Bridge Loans") to be drawn progressively and repayable on the earlier of a) six months from the first drawn down date and b) completion of the Entitlement Offer.

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

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

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

(ii) In December 2016 Gadde Bissik Phosphate Operations Suarl ("GBO"), Avenira's 80%-owned subsidiary, successfully secured a XOF 4 billion (A$8.8 million equivalent) finance facility through CBAO Groupe Attijariwafa Bank to assist with the final stages of commissioning and ramp-up of the Baobab Phosphate Project. The facility consists of a working capital facility of XOF 2 billion (A$4.4 million equivalent) and access to an additional XOF 2 billion (A$4.4 million equivalent) for the financing of export receivables, if required.

The key terms of the working capital facility are:

- Amount: XOF 2 billion (A$4.4 million);
- Interest rate: 6.75%;
- Term: 5 years;
- Repayment Terms: No principal or interest repayments for 12 months, followed by 48 equal principal and interest payments; and
- Standard security arrangements over all GBO assets.

The working capital facility of XOF 2 billion (A$4.4 million equivalent) was fully drawn down on 31 December 2016. No repayments have been made as at 31 December 2017.

(iii) In March 2017 Mimran Group (Mimran), the 20% shareholder in BMCC, contributed its pro rata share of loan funds of XOF 1.1 billion (A$2.3 million equivalent) to BMCC through a loan from its related party Mimran Natural Resources.

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

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

12. ISSUED CAPITAL

	Notes	31 December 2017 Number of shares	31 December 2017 $	30 June 2017 Number of shares	30 June 2017 $
(a) Share capital					
Ordinary shares fully paid		**828,705,368**	**135,362,692**	579,100,867	123,146,839
Unissued shares [(i)]		**-**	**500,000**	-	1,891,050
Total share capital		**828,705,368**	**135,862,692**	579,100,867	125,037,889
(b) Movements in ordinary share capital					
Beginning of the financial period		**579,100,867**	**125,037,889**	523,901,468	119,817,389
Transactions during the period:					
− Issue of shares		**22,512,506**	**-**	2,000,000	360,000
− Issue of shares		**185,047,970**	**8,882,303**	925,000	92,500
− Issue of shares		**377,358**	**20,000**	40,000,000	2,268,000
− Issue of shares		**41,666,667**	**2,000,000**	5,025,000	-
− Issue of shares		**-**	**-**	7,249,399	608,950
− Unissued shares		**-**	**500,000**	-	1,891,050
Less: transaction costs		**-**	**(577,500)**	-	-
End of the financial period		**828,705,368**	**135,862,692**	579,100,867	125,037,889

(i) The shares were issued on 19 January 2018. Refer to note 15 for further details.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

12. ISSUED CAPITAL (cont…)

	Number of options	
	31 December 2017	**30 June 2017**
(c) Movements in unlisted options on issue		
Beginning of the financial period	**88,075,000**	127,050,000
Exercised during the period		
– 18 cents, 29 July 2016	**-**	(2,000,000)
– 10 cents, 30 June 2018	**-**	(925,000)
Expired/cancelled during the period		
– 18 cents, 29 July 2016	**-**	(1,550,000)
– 22.5 cents, 20 November 2016	**-**	(5,500,000)
– 30 cents, 8 April 2017	**-**	(14,000,000)
– 23 cents, 18 June 2017	**-**	(5,000,000)
– 27 cents, 18 June 2017	**-**	(5,000,000)
– 31 cents, 18 June 2017	**-**	(5,000,000)
End of the financial period	**88,075,000**	88,075,000

	Number of share rights	
	31 December 2017	**30 June 2017**
(d) Movements in share rights		
Beginning of the financial period	**2,512,500**	53,800,000
Issued during the period:		
– Issued performance rights, expiring 30 June 2022	**5,000,000**	-
Exercised during the period:		
– Contingent share rights exercised on 20 March 2017	**-**	(40,000,000)
– Tranche 1 performance rights vested on 30 September 2016	**-**	(5,025,000)
Lapsed during the period:		
– Performance rights forfeited on 11 January 2017	**-**	(3,750,000)
– Tranche 2 performance rights lapsed on 31 May 2017	**-**	(2,512,500)
End of the financial period	**7,512,500**	2,512,500

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

13. SHARE BASED PAYMENTS

(a) Performance rights

Following approval by shareholders at the November 2017 Annual General Meeting, 5,000,000 performance rights were granted to Louis Calvarin, the Managing Director of the Group under the terms and conditions of the Avenira Performance Rights Plan which was approved at the November 2015 Annual General Meeting.

The performance rights will expire five years from the date of issue, are excisable for nil consideration and each performance right will convert to a fully paid ordinary share upon satisfaction of the following performance conditions:

- Mr Calvarin remaining in the employment of the Company at the relevant testing date, being 30 June 2020; and
- The Company's relative "Total Shareholder Return" (TSR) is:
  - (i) greater than zero; and
  - (ii) when ranked amongst the TSR achieved by other companies of the S&P ASX 300 Metals and Mining Index as follows:

Company percentile ranking	% of Performance Rights to vest
Relative TSR less than the 50th percentile	nil
Relative TSR between the 50th-75th percentile	Between 50% and 100% on straight-line basis
Relative TSR equal to the 75th percentile or above	100%

The following summarises the fair value calculations of the performance rights issue:

Fair value per right, $	0.0245
Rights issued	5,000,000

For the period ended 31 December 2017, in relation to the performance rights granted, the Group has recognised $20,473 of share-based payment transactions expense in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Other share-based payments

At 30 June 2017 the Group deferred the payment to Agromine Suarl for the outstanding invoices of XOF 640,487,956 ($1.5 million) with the intention to convert the balance to shares in Avenira or its subsidiary BMCC, or repay in cash if the balance was not converted to shares within 6 months. Because it was the intention to convert the balance to shares at 30 June 2017, the deferred amount was recorded within the share-based payment reserve in equity at that date. During the period ended 31 December 2017, the Group repaid the outstanding balance to Agromine Suarl in cash and as a result, the value of the cash payment was reversed in equity.

14. COMMITMENTS AND CONTINGENCIES

Since 30 June 2017 the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2017 annual report.

15. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2018, the Company successfully completed the shipment from the port of Dakar of 25,155 tonnes of Gadde Bissik phosphate rock concentrate at the Baobab Phosphate Project in the Republic of Senegal.

On 19 January 2018, the Company received the second tranche of funds totalling A$3,617,698 from the Underwriter, Agrifields DMCC and 85,785,375 ordinary shares were issued to Agrifields DMCC The Company has now received the full A$15 million raised under the Entitlement Offer and Placement of Shortfall.

In early January 2018 Senegalese subsidiary company, Gadde Bissik Phosphate Operations SUARL, received a VAT refund of XOF 1.6 billion (A$3.7 million) in the form of tax certificates convertible to cash on its outstanding VAT receivable from the Senegalese Tax Authority following approval from the Senegalese Tax Commissioner

Other than stated above, since 31 December 2017 the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods

16. DIVIDENDS

No dividends were paid or declared during the six months ended 31 December 2017. No recommendation for payment of dividends has been made.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Avenira Limited, I state that:

In the opinion of the directors:

a) the financial statements and notes of Avenira Limited for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

b) subject to the matters set out in Note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board.

Louis Calvarin
CEO

Perth, 15 March 2018

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Independent auditor's review report to the Members of Avenira Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Avenira Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
15 March 2018