AVENIRA

LIMITED

ANNUAL REPORT

2020

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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)

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
DLA Piper Australia
Level 31, Central Park, 152-158 St Georges Terrace
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
Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

INTERNET ADDRESS
www.avenira.com

EMAIL ADDRESS
frontdesk@avenira.com

STOCK EXCHANGE LISTING
Avenira Limited shares are listed on the:
Australian Securities Exchange (Code: AEV)

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Avenira Limited (Company) and the entities it controlled at the end of, or during, the year ended 30 June 2020.

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)***

Experience & Expertise
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
Non-Executive Director of Great Lakes Graphite Corp from November 2017 to July 2019
Non-Executive Director of Nelson Resources Limited from July 2016 to January 2019
Managing Director of Ardea Resources from April 2018 to June 2018
Non-Executive Director of Surefire Resources NL from March 2016 to August 2017

Special Responsibilities
Nil

Winnie Lai Hadad, B. Com, MSc, BA, CPA, AusIMM ***(Non-executive Director – appointed 22 October 2019)***

Experience & Expertise
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

DIRECTORS' REPORT

Kevin Dundo, LLB, B. Com, FCPA *(Non-executive Director – appointed 22 October 2019)*

Experience & Expertise
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 Practicing Accountants.

Shares Held – 6,250,000

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 Chairman of Red 5 Limited
Non-executive Director of Cash Converters International Limited
Non-executive Director of Imdex Limited

Former Listed Company Directorships in the last 3 years
Nil

Special Responsibilities
Chair of the Remuneration and Nomination Committee

Dr. Louis Calvarin, PhD (Process Engineering), *(Non-executive Director - resigned 22 October 2019)*

Timothy Cotton, B. Com (Hons), *(Non-Executive Director – resigned 22 October 2019)*

COMPANY SECRETARY

Graeme Smith, B.Ec, MBA, MComLaw, FCPA, FCIS, FGIA (Appointed 26 August 2019)

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.

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

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

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

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

CONSOLIDATED RESULTS

	YEAR END 30 JUNE 2020 $	YEAR END 30 JUNE 2019 $
Consolidated loss before income tax expense from continuing operations	**(3,395,173)**	(3,084,624)
Income tax benefit	**-**	-
LOSS FOR THE YEAR	**(3,395,173)**	(3,084,624)

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.

COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home).

At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

DIRECTORS' REPORT

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

SUMMARY

Avenira entered into an agreement to purchase the Jundee South Gold Project, comprising a tenement suite covering more than 720 km^2 of the Yandal Greenstone Belt, for a consideration of $350,000 which complements the skill set of the Avenira Board.

The Yandal Greenstone Belt hosts several significant gold deposits (Figure 1).

The Jundee South Project area covers more than 60km strike of highly prospective greenstone stratigraphy. The project area contains regional structures interpreted to control gold mineralisation through the Yandal Greenstone Belt and contains a number of historically defined gold occurrences.

Access is via a well-established road network and given the number of operating mines in the area, there is ready access to accommodation and services.

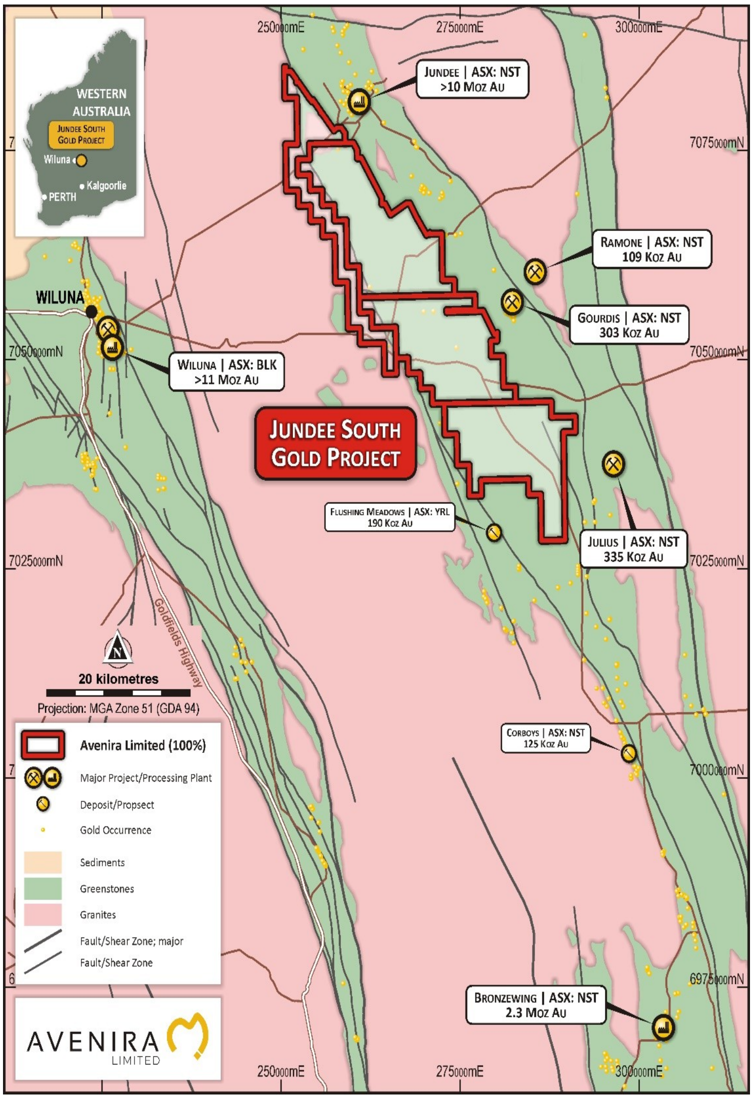

Figure 1: Jundee South Project location map

DIRECTORS' REPORT

TENURE

The Jundee South Project comprises four granted exploration licences covering more than 720km^2:

Tenement ID	Status	Area (approx km^2)
E53/1856	Granted	117
E53/1859	Granted	192
E53/2078	Granted	197
E53/2079	Granted	217
Total		**723**

Table 1: Jundee South Tenement Status

PREVIOUS EXPLORATION

Previous exploration relied on a geochemical approach with surface geochemistry surveys followed up by shallow Rotary Air Blast (RAB) and Air Core (AC) drilling. Deeper Reverse Circulation (RC) drilling was targeted purely on the RAB assays rather than testing geologically based gold mineralisation models. Only the highest geochemical gold anomalies were drill tested. A considerable dataset was accumulated which, particularly given its location relative to major operating mines and interpreted regional structures, provide considerable opportunity to re-evaluate the area using modern exploration techniques. The dataset includes comprehensive geological mapping, aeromagnetic surveys, as well as regional surface geochemical surveys and systematic, but generally wide spaced shallow RAB and AC drilling.

Limited RC drill testing of only the highest assays from RAB and AC has taken place. The lack of a driving gold mineralisation model has resulted in this drilling having mixed results.

Systematic Application of Empiric Models for Gold Mineralisation

Avenira has identified untested areas of the project that exhibit key geological characteristics to those that host significant gold deposits. The common features are:

- Suitable host rocks. Such as a package of mafic rocks (basalts) and sediments intruded by dolerite sills and dacitic porphyries and tholeiitic basalts, often with epicalstic rock sequences,
- Association with major regional north-west to north-east trending structures, typically shears,
- Localised brittle-ductile faults and fractures, usually representing linkage faults, host the gold, typically in quartz stockworks and veins, and
- A proximal heat source, such as dacitic porphyries or andesite intrusives, may have driven the gold mineralisation.

An example of the setting being sought by Avenira is set below where gold mineralisation is situated in mafic rocks (green) east of felsic volcanic and sedimentary rocks (orange, Figure 2). Aeromagnetic imaging of the mine area shows a dominant north west trend, primarily due to ultramafics but also reflecting the Nimary and Leak Fault directions. Archean granites occur to the north east (pink in Figure 1).

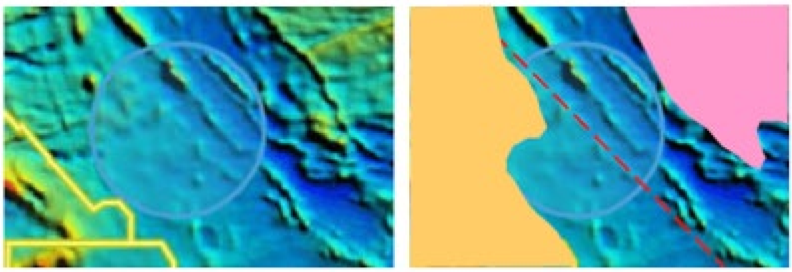

Figure 2: Aeromagnetic image (left) and summary geology interpreted from the aeromagnetic image (right)

DIRECTORS' REPORT

Exploration targets have been identified by Avenira that meet these criteria. One example is an area on E53/1859 that shows similar characteristics to the Jundee setting. Mafics east of a felsic volcanic unit and a north west structure are interpreted from the aeromagnetic data (Figure 2). The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the JORC Code (2012).

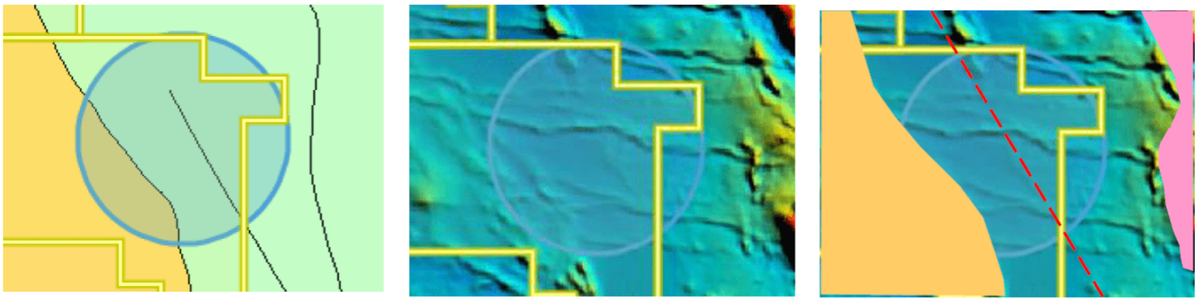

Figure 3: Prospective area in E53/1859: mapped geology (left), aeromagnetic image (centre) and summary geology interpreted from the aeromagnetic image (right). Scale is the same as Figure 2.

PROPOSED PROGRAM

Avenira is in the process of reviewing the historical database to seek to further investigate already identified targets and to seek to identify additional priority targets which, if positive, will underpin the development of a future exploration program.

ACQUISITION TERMS

Avenira entered into an agreement with Faurex Pty Ltd (Vendor) whereby Avenira acquired 100% of the project for $350,000. The tenements were successfully transferred and registered with the Department of Mines on 11 June 2020.

The project is not subject to any third-party royalties (other than statutory royalties) and is unencumbered.

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Marcus Flis, a consultant to Avenira from the DMIRS WAMEX database. He is satisfied that previous pertinent exploration in the project area has been accessed and reflects, in general, the prospective nature of the tenements being considered. Mr Flis is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience in the activity which he is undertaking 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 Flis 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

WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY (100% OWNED)

SUMMARY

Scoping study commenced on the Wonarah Project during the December 2019 Quarter. The scoping study includes the review of existing data utilised in the Wonarah Definitive Feasibility Study (DFS) completed a decade ago. Avenira will also review Diammonium phosphate (DAP) & Monoammonium phosphate (MAP) technology as a value-added step in the processing options in parallel with the option of utilising the Novophos technology.

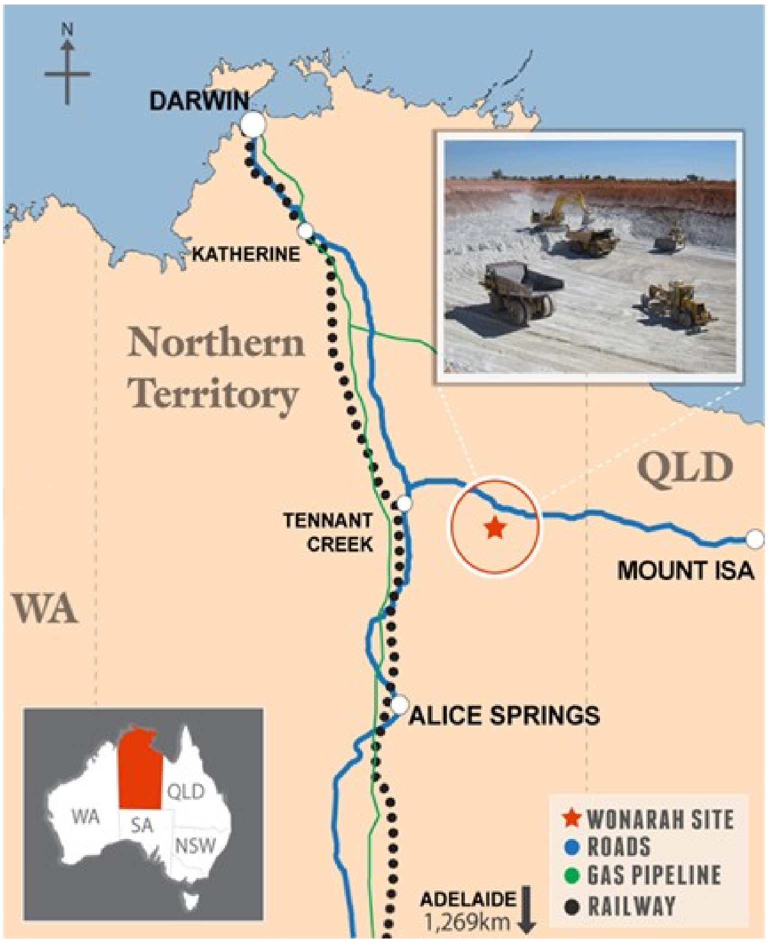

Figure 5 Location map of Wonarah Phosphate Project

- 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 is under capacity allowing easy expansion of Wonarah project
- Scoping study has commenced for Concentrate and MAP/ DAP Processing project.

DIRECTORS' REPORT

TENURE

The Wonarah Phosphate Project comprises of three granted exploration licences covering more than 151 km^2:

Tenement ID	Status	Area (approx km^2)
EL29840	Granted	41.92
EL29849	Granted	11.19
EL32359	Granted	98.80
Total		**151.91**

Table 2: Wonarah Phosphate Tenement Status

ANNUAL MINERAL RESOURCE STATEMENT AS AT 30/06/20

WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA												
Cut off P_2O_5 %	Resource Category	Tonnes	P_2O_5	Al_2O_3	CaO	Fe_2O_3	K_2O	MgO	MnO	Na_2O	SiO_2	TiO_2
		Mt	%	%	%	%	%	%	%	%	%	%
10	Measured	78.3	20.8	4.85	28	1.11	0.43	0.25	0.04	0.1	39.7	0.21
	Indicated	222	17.5	4.75	23.2	1.49	0.47	0.2	0.04	0.09	48.3	0.22
	M+I	300	18.3	4.77	24.4	1.4	0.46	0.21	0.04	0.09	46.1	0.22
	Inferred	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

ANNUAL CHANGE IN RESOURCE CATEGORY WONARAH PROJECT				
Category	Inferred (10% cut-off)		Inferred 15% (cut-off)	
	Tonnes (M)	% P_2O_5	Tonnes (M)	% P_2O_5
2019	542	18	352	21
2020	512	18	335	21
Change	-30	-	-17	-

Table 3: 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.

BAOBAB PHOSPHATE PROJECT SALE

SUMMARY OF THE TRANSACTION

The Baobab Phosphate Project Sale was completed on 22 October 2019 and under the agreement Avenira agreed to sell or assign all its rights and interests in the following assets to a consortium of its major shareholders (the Purchasers):

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

Under the Transaction:

- Avenira received cash consideration of US$3.0M (A$4.4M), and loan and director fees forgiven of US$1.2M (A$1.8M), for a total consideration value of US$4.2M (A$6.2M), using a A$:US$ 0.6866 exchange rate.
- Avenira undertook, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.

The transaction also resulted in the Purchasers taking on responsibility for the outcome of current Senegalese tax audits of BMCC and Gadde Bissik Phosphate Operations SUARL (its operating subsidiary).

Whilst Avenira has sold its interests in Novaphos (including the licence agreement to use the Novaphos technology in Senegal), Avenira retains an exclusive licence to use the Novaphos technology in Australia.

INVESTMENTS AND CORPORATE INFORMATION

BOARD AND EXECUTIVE CHANGES

Following the completion of the Baobab transaction, former Company Managing Director and Non-executive Director Mr. Louis Calvarin resigned as Non-executive Director and former Company Non-executive Director Mr. Timothy Cotton resigned on 22 October 2019.

Mr. Kevin Dundo and Ms. Winnie Lai Hadad were appointed as Non-Executive Directors of the Board 22 October 2019.

FINANCING

Following the end of the financial year, the Company undertook a share placement and entitlement issue to raise approximately $3.4 million.

$1,158,543 was raised (before costs) through a 2 for 7 entitlements issue at $0.008 per share (Entitlement).

$2,218,240 was raised through a placement to sophisticated investors (Placement) at $0.008 per share.

The Placement comprised:

- 66.1 million New Shares issued under the Company's existing Listing Rule 7.1 placement capacity (Tranche 1), this was completed on 15 July 2020 with total funds received of $528,906; and
- 185.8 million New Shares were issued, on 7 September 2020 & 25.4 million New Shares were issued, on 8 September 2020 with total funds received of $1,689,334 (Tranche 2).

DIRECTORS' REPORT

FINANCIAL REVIEW

FINANCIAL INFORMATION

At 30 June 2020, the total closing cash balance was $1,288,337 (2019: $300,544). The Group has recorded an operating loss after income tax for the year ended 30 June 2020 of $5,669,716 (2019: loss of $43,439,722).

Upon the adoption of AASB 16 as at 1 July 2019, the Group recognised in the statement of financial position Right-of-use lease assets and Lease liabilities relating to a lease facility for the Baobab Project of $1,887,602. The Right-of-use lease assets and lease liabilities were immediately classified as held for sale and transferred to discontinued operations upon completion of the transaction. As at 22 October 2019, the Baobab project was sold, at which time the assets and liabilities previously classified as held for sale, and the right-of-use assets and lease liabilities recognised on adoption of AASB 16, are no longer included in the statement of financial position.

OPERATING RESULTS FOR THE YEAR

Summarised operating results are as follows

	2020 CONTINUING OPERATIONS $	2020 DISONTINUED OPERATIONS $
Income	**35,680**	**3,561**
Loss before tax	**(3,395,173)**	**(946,813)**

Shareholder Returns

	2020	2019
Basic loss per share from continuing operations (cents)	**(0.54)**	(0.30)
Basic loss per share from discontinued operations (cents)	**(0.36)**	(3.94)

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

Other than as disclosed above, no event has occurred since 30 June 2020 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

SAFETY AND HEALTH

Avenira aspires to a goal of causing zero harm to people. In this regard, the Company is committed to undertake our activities so as to protect the safety and health of employees, contractors, visitors and the communities in which we operate. There were no lost time injuries during the year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation with respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, as far as it is aware is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' 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	10	10	*	*	*	*
Winnie Lai Hadad	9	9	1	1	1	1
Kevin Dundo	9	9	1	1	1	1
Louis Calvarin	2	2	-	-	-	-
Timothy Cotton	2	2	-	-	-	-

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 60,000,000 unissued ordinary shares in respect of which options are outstanding.

	NUMBER OF OPTIONS
Balance at the beginning of the year	80,000,000
Movements of share options	
Expired on 24 September 2019 ($0.25)	(80,000,000)
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
Total number of options outstanding as at the date of this report	**60,000,000**

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Avenira Limited against costs incurred in defending proceedings for conduct involving:

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 is $130,363 (2019: $125,780).

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 on page 62.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia 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 25.

EXTENSION OF LEAD AUDIT PARTNER

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

(i) is consistent with maintaining the quality of the audit provided to the Company; and

(ii) would not give rise to a conflict of interest situation.

Reasons supporting this decision include:

• the benefits associated with the continued retention of knowledge regarding key audit matters;

• the Board being satisfied with the quality of Ernst & Young and Mr. Buckingham's work as auditor; and

• the Company's on-going governance processes to ensure the independence of the auditor is maintained.

REMUNERATION REPORT - AUDITED

The remuneration report is set out under the following main headings:

A. Introduction
B. Remuneration governance
C. Overview of executive remuneration
D. Details of remuneration of Key Management Personnel
E. Executive KMP employment agreements
F. Overview of Non-executive Director remuneration
G. Share-based compensation
H. Equity holdings

A. INTRODUCTION

The remuneration report for the year ended 30 June 2020 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 2020. 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	Appointed 22 October 2019
Kevin Dundo	Non-executive Director	Appointed 22 October 2019
Timothy Cotton	Non-executive Director	Resigned 22 October 2019
Louis Calvarin	Non-executive Director	Resigned 22 October 2019
Other key management personnel		
Rod Wheatley	Chief Financial Officer and Company Secretary	Resigned 30 August 2019

B. REMUNERATION GOVERNANCE

Remuneration and Nomination Committee

The Board retains overall responsibility for remuneration policies and practices within the Group.

The Board has established a Remuneration and Nomination Committee ("RNC") which operates in accordance with its charter as approved by the Board. A copy of the charter is available under the corporate governance section of the Group's website.

The RNC is primarily responsible for making recommendations to the Board on remuneration arrangements for Executive Directors, Non-executive Directors and other Senior Executives. The Corporate Governance Statement provides further information on the role of this committee.

The RNC meets as required throughout the year. Refer to page 14 for the number of Committee meetings held during the year. The Managing Director attends certain RNC meetings by invitation, where management input is required. The Managing Director is not present during any discussions relating to his own remuneration arrangements.

Use of remuneration consultants

The RNC seeks external remuneration advice where necessary to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by, and report directly to, the RNC.

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 Avenira Limited securities while in possession of material non-public information relevant to the Group.

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

Voting and comments – 2019 Annual General Meeting (AGM)

The 2019 remuneration report was passed unanimously on a show of hands at the 2019 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 Avenira Limited has been designed to align executives' objectives with shareholders and business objectives. The Board of Avenira believes the policy to be appropriate and effective in its ability to:

- attract and retain high quality directors and executives to run and manage the Company.
- create goal congruence between directors, executives and shareholders.

The executive KMP receive an appropriate level and mix of remuneration consisting of fixed remuneration and variable remuneration in the form of incentive opportunities. The RNC reviews executive KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Elements of Executive Remuneration

The executive remuneration framework is comprised of:

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

1. *FIXED REMUNERATION - BASE SALARY, INCLUDING SUPERANNUATION*
   All executive KMPs receive a base cash salary (which is based on factors such as scope of the role, skills, experience, location and length of service) and superannuation contributions, where applicable. The executive KMPs, where applicable, receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

2. *VARIABLE REMUNERATION – INCENTIVES AND CASH BONUSES*
   Incentives in the form of equities and cash bonuses are provided to certain executive KMP at the Board's discretion. The policy is designed to provide a variable "at risk" component within the executive KMP's total remuneration packages to attract, retain and motivate the highest calibre of executive KMP and reward them for performance that results in long term growth in shareholder wealth through achievement of the Company's financial and strategic objectives.

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

2.1 *LONG TERM INCENTIVE (LTI)*

At the 2019 Annual General Meeting shareholders approved the issue of 48,000,000 Options to the Directors. 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.

2020 short term incentive

Mr. Clarks Consultant Service Agreement provided for Mr. Clark to participate in a Short Term Incentive Scheme on a yearly basis, being no more than a bonus 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	%
Implementation of key growth strategies	50
Acquire gold assets in Western Australia	25
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, a cash bonus in the amount of $70,000 was paid to the Executive Chairman and CEO Mr. Brett Clark, following the end of the 2020 financial year.

Relationship between remuneration policy and company performance

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

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

	2020	2019	2018	2017	2016
EPS (cents)	(0.54)	(0.30)	(0.42)	(5.09)	(2.31)
Share Price	$0.009	$0.006	$0.02	$0.07	$0.19
Net Profit / (Loss) before discontinued operations	(3,395,173)	(3,084,624)	3,225,309	(30,579,063)	(9,464,695)

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			SHARE-BASED PAYMENTS			
	SALARY & FEES $	CASH BONUS $	NON-MONETARY [5] $	SUPERANNUATION $	TERMINATION BENEFITS $	LONG SERVICE LEAVE $	ANNUAL LEAVE $	TOTAL CASH RELATED $	PERFORMANCE RIGHTS [6] $	OPTIONS [7] $	TOTAL REMUNERATION $	PERFORMANCE RELATED %
Directors												
Brett Clark [4]												
2020	**290,458**	**70,000**	**-**	**12,667**	**-**	**-**	**-**	**373,125**	**-**	**187,025**	**560,150**	**33%**
2019	254,713	-	-	-	-	-	-	254,713	-	-	254,713	-
Winnie Lai Hadad												
2020	**33,290**	**25,000**	**-**	**-**	**-**	**-**	**-**	**58,290**	**-**	**93,513**	**151,803**	**62%**
2019	-	-	-	-	-	-	-	-	-	-	-	-
Kevin Dundo												
2020	**33,290**	**25,000**	**-**	**-**	**-**	**-**	**-**	**58,290**	**-**	**93,513**	**151,803**	**62%**
2019	-	-	-	-	-	-	-	-	-	-	-	
Louis Calvarin [1]												
2020	**225,000**	**-**	**48,027**	**-**	**48,327**	**-**	**-**	**321,354**	**-**	**-**	**321,354**	**-**
2019	450,000	-	96,402	-	-	-	-	546,402	(40,721)	-	505,681	(8%)
Timothy Cotton [2]												
2020	**18,452**	**-**	**-**	**-**	**-**	**-**	**-**	**18,452**	**-**	**-**	**18,452**	**-**
2019	60,000	-	-	-	-	-	-	60,000	-	-	60,000	-
David Mimran [8]												
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	60,000	-	-	-	-	-	-	60,000	-	-	60,000	-
Farouk Chaouni [9]												
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	60,000	-	-	-	-	-	-	60,000	-	-	60,000	-
Christopher Pointon [10]												
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	30,000	-	-	-	-	-	-	30,000	-	-	30,000	-
Ian McCubbing [11]												
2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2019	37,291	-	-	3,543	-	-	-	40,833	-	-	40,833	-
Subtotal Directors												
2020	**600,490**	**120,000**	**48,027**	**12,667**	**48,327**	**-**	**-**	**829,511**	**-**	**374,051**	**1,203,562**	
2019	952,003		96,402	3,543	-	-	-	1,051,948	(40,721)	-	1,011,227	

	SHORT-TERM			POST EMPLOYMENT		LONG-TERM			SHARE-BASED PAYMENTS			
	SALARY & FEES	CASH BONUS	NON-MONETARY (5)	SUPERANNUATION	TERMINATION BENEFITS	LONG SERVICE LEAVE	ANNUAL LEAVE	TOTAL CASH RELATED	PERFORMANCE RIGHTS (6)	OPTIONS (7)	TOTAL REMUNERATION	PERFORMANCE RELATED
	$	$	$	$	$	$	$	$	$	$	$	%
Other executive KPM												
Rod Wheatley (3)												
2020	**44,901**	**-**	**-**	**4,266**	**97,880**	**-**	**-**	**147,047**	**-**	**-**	**147,047**	**-**
2019	269,406	-	-	25,594	-	6,710	22,450	324,160	-	-	324,160	-
Total KMP compensation												
2020	**645,391**	**120,000**	**48,027**	**16,933**	**146,207**	**-**	**-**	**976,558**	**-**	**374,051**	**1,350,609**	
2019	1,221,410	-	96,402	25,594	-	6,710	22,450	1,376,108	(40,721)	-	1,335,387	

(1) Mr. Louis Calvarin resigned as Non-Executive Director on 22 October 2019.
(2) Mr. Timothy Cotton resigned as Non-Executive Director on 22 October 2019.
(3) Mr. Rodney Wheatley resigned as Chief Financial Officer and Joint Company Secretary on 31 August 2019.
(4) The amount represents the total remuneration paid to Mr. Brett Clark and includes $117,125 (2019: $134,713) of fees paid for advisory services provided during the year. Mr. Brett Clark is remunerated through CBD Executive Services Pty Ltd; a business of which Mr. Brett Clark is the principal. Refer to Other Transactions and Balances with KMPs and Their Related Parties on page 22 for further details.
(5) Non-monetary benefits include housing, car and medical insurance.
(6) Share based payments in the 2019 financial year represent Performance Rights granted to executive KMPs in accordance with the Company's Performance Rights Plan and approval at the Annual General Meeting held on 18 November 2015. The fair value of the Performance Rights was estimated at the grant date taking into account both market and non-market based vesting conditions. The Monte-Carlo simulation methodology was used to calculate the fair value of each performance right. Refer to Note 28 for further details.
(7) The amount represents Option Holdings granted in the 2020 financial year to the Directors pursuant to shareholder approval at the 2019 Annual General Meeting. The fair value of the Option Holdings were calculated using the Black-Scholes option pricing method. Refer to Share-Based Compensation on page 23 for further details.
(8) Mr. David Mimran resigned on 28 June 2019.
(9) Mr. Farouk Chaouni resigned on 28 June 2019.
(10) Mr. Ian McCubbing resigned on 31 January 2019.
(11) Mr. Christopher Pointon resigned on 31 December 2018.

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 2020 are set out below:

NAME	TERMS
Brett Clark (Executive Chairman and CEO)	Base salary of $200,000 (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 summaries the Non-executive fees for the 2020 financial year:

	BASE FEES 2020
Board	
Non-executive Directors	A$48,000
Committee	
Audit Chair	Nil
Remuneration and Nomination Chair	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*.

Mr. Calvarin resigned from his position as an Executive Director 22 October 2019. Mr. Calvarin received accrued annual leave entitlements of $48,327.

Mr. Wheatley resigned from his position as Chief Financial Officer and Company Secretary 31 August 2019. Mr. Wheatley received post-employment entitlements totaling $97,880.

Mr. Cotton resigned from his position of Non-executive Director 22 October 2019. Mr. Cotton's Director fees totaling $148,452 were forgiven as part of the consideration for the Baobab Phosphate Project Sale (refer to Note 11 for details of consideration paid).

Loans to or from key management personnel

In 2020 there were no loans to KMP.

The Group received the following loans from KMP or their related parties during the 2020 financial year (2019: $5,023,713):

2020

LENDER	BALANCE AT START OF THE YEAR	LOAN PROCEEDS RECEIVED	INTEREST CHARGED	FORGIVEN DURING THE YEAR	FX IMPACT	BALANCE AT END OF THE YEAR	HIGHEST BALANCE DURING THE YEAR
	$	$	$	$	$	$	$
Agrifos Partners LLC[(i)]	366,436	-	11,754	(386,250)	8,060	-	386,250

(i) Agrifos Partners LLC is a company related through the common control of former director Mr. Timothy Cotton

Key terms and conditions of the loans are as follows:

LENDER	INTEREST RATE[(i)]	SECURITY	REPAYMENT DATE
Agrifos Partners LLC	6.00%	unsecured	30 September 2019[ii]

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

Full terms and conditions of the loans can be found at Note 15.

Other transactions and balances with KMPs and their related parties

(i) In addition to his Non-executive Chairman fee, Mr. Clark was engaged to provide the Company strategic advisory services on a consulting basis from July 2019 to November 2019. Total consultancy fees of $117,125 (2019: $134,713) were charged by Mr. Clark during the year. The agreement had no fixed term and no termination notice period however it ceased once Mr. Brett Clark was appointed Executive Chairman and CEO 5 December 2019. A further $5,425 was also paid to Mr. Clark for fees relating to an interim office lease from the period 1 September to 30 November 2019. The total amount of fees is included in his Salary & Fees amount in the Details of Remuneration of KMP table on page 19. At 30 June, advisory and lease fees paid to Mr. Clark impacted the Statement of Profit and Loss and Other Comprehensive Income with $122,550 recognised in Administrative and Other Expenses. There was no impact on the 30 June 2019 Statement of Financial Position.

(ii) The Company has an exclusive licence to ultilise the Novaphos, Inc (Novaphos) technology in Australia. Former Director Mr. Cotton has an equity interest in Novaphos.

DIRECTORS' REPORT

G. SHARE-BASED COMPENSATION

In December 2019, 48,000,000 options were granted to the Directors pursuant to shareholder approval received at the 2019 AGM.

There were no other share-based payments issued to directors or other KMP during the 2020 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

	GRANT DATE	NUMBER GRANTED DURING THE YEAR	VESTING DATE	EXPIRY DATE	FAIR VALUE PER OPTION AT GRANT DATE, $	EXERCISE PRICE, $	VESTED %
2020							
TRANCHE 1							
Directors							
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.

Value of Options granted to KMP

	OPTIONS GRANTED DURING THE YEAR	FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR, $(1)	VALUE OF OPTIONS EXERCISED DURING THE YEAR, $	VALUE OF OPTIONS LAPSED DURING THE YEAR, $	VALUE OF PR FORFEITED DURING THE YEAR, $	VALUE OF OPTIONS INCLUDED IN REMUNERATION REPORT FOR THE YEAR, $(2)	REMUNERATION CONSISTING OF OPTIONS FOR THE YEAR, %
2020							
TRANCHE 1							
Directors							
Brett Clark	12,000,000	100,951	-	-	-	100,951	18%
Winnie Lai Hadad	6,000,000	50,476	-	-	-	50,476	33%
Kevin Dundo	6,000,000	50,476	-	-	-	50,476	33%
TRANCHE 2							
Directors							
Brett Clark	12,000,000	86,074	-	-	-	86,074	15%
Winnie Lai Hadad	6,000,000	43,037	-	-	-	43,037	29%
Kevin Dundo	6,000,000	43,037	-	-	-	43,037	29%

(1) The Value at grant date calculated in accordance with AASB 2 Share-Based Payment of options granted during the year as part of remuneration

The assessed fair value at grant date of options granted to the individuals is calculated at their vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of the dilution, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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	EXERCISED	EXPIRED	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
2020							
Directors							
Brett Clark	-	24,000,000	-	-	-	24,000,000	-
Winnie Lai Hadad	-	12,000,000	-	-	-	12,000,000	-
Kevin Dundo	-	12,000,000	-	-	-	12,000,000	-
Timothy Cotton (1)	56,000,000	-	-	(56,000,000)	-	-	-
Louis Calvarin	-	-	-	-	-	-	-
Other Executive KMP							
Rod Wheatley	-	-	-	-	-	-	-

(1) Mr. Timothy Cotton held his options through their related party, Baobab Partners LLC.

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 partied, are set as follows:

	BALANCE AT START OF THE YEAR	RECEIVED DURING THE YEAR FOR RIGHTS CONVERTED	GRANTED AS REMUNERATION	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR
2020					
Directors					
Brett Clark	-	-	-	-	-
Winnie Lai Hadad	-	-	-	-	-
Kevin Dundo	-	-	-	-	-
Louis Calvarin (1)	2,402,358	-	-	(2,402,358)	-
Timothy Cotton (2)	240,528,141	-	-	(240,528,141)	-
Other Executive KMP					
Rod Wheatley (3)	892,484	-	-	(892,484)	-

(1) Mr. Calvarin resigned as a Director on 22 October 2019 and is not considered a KMP from that date.
(2) Mr. Cotton holds shares through his related parties, Baobab Partners LLC and Vulcan Phosphates LLC. Mr. Cotton resigned as a Director on 22 October 2019 and is not considered KMP from that date.
(3) Mr. Wheatley resigned as Company Secretary on 26 August 2019 and is not considered a KMP from that date.

None of the shares above are held nominally by the directors or any of the KMP.
There were no other transactions and balances with KMP and their related parties other than as disclosed.

End of Remuneration Report

Signed in accordance with a resolution of the directors.

BRETT CLARK
Executive Chairman
Perth, 9 September 2020

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Avenira Limited

As lead auditor for the audit of the financial report of Avenira Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
9 September 2020

QUALIFYING STATEMENTS

STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Governance of Avenira Limited's Mineral Resources estimation process is a key responsibility of the Executive Management of the Company.

The Geological Manager of the Company oversees technical reviews of the estimates and the evaluation process is augmented by utilising Avenira's in-house knowledge in operational and project management, ore processing and commercial/financialareas. The Company also utilises external consultants for these purposes.

The Geological Manager is responsible for managing all Avenira's drilling programs, including resource definition drilling. The estimation of Mineral Resources is done by an independent contractor, MPR Geological Consultants Pty Ltd.

The Company has adopted quality assurance and quality control protocols based on current and best practice regarding all field aspects including drill hole surveying, drill sample collection, sample preparation, sample security, provision of duplicates, blanks and matrix-matched certified reference materials. All geochemical data generated by laboratory analysis is examined and analysed by the Geological Manager before accession to the Company database.

Data is subject to additional vetting by the independent contractor who carries out the resource estimates. Resource estimates are based on well-founded, industry-accepted assumptions and compliance with standards set out in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mineral resource estimates are subject to peer review by the independent contractor and a final review by Avenira's Executive Management before market release.

Avenira Limited reports its mineral resources and ore reserves on an annual basis, in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition.

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 2020	NOTES	CONSOLIDATED 2020 $	2019 $
INCOME			
Interest Income	5	**35,680**	63,973
EXPENDITURE			
Depreciation and amortisation expense		**(22,283)**	(19,421)
Salaries and employee benefits expense	6	**(744,576)**	(1,349,912)
Net foreign currency gain/(loss)		**607**	146,519
Impairment of exploration and evaluation expenditure	12	**(596,960)**	(143,642)
Interest expense - leases	10	**(3,611)**	(35,134)
Net gain/(loss) on disposal of fixed asset / intangibles		**(47,129)**	-
Share based payment (expense)/reversal	28	**(374,051)**	40,833
Administrative and other expenses	6	**(1,642,850)**	(1,787,840)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**(3,395,173)**	(3,084,624)
INCOME TAX BENEFIT	7	**-**	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(3,395,173)**	(3,084,624)
Discontinued Operations			
Net gain/(loss) after tax for the year from discontinued operations	11	**(2,274,543)**	(40,355,098)
LOSS FOR THE YEAR		**(5,669,716)**	(43,439,722)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to Profit or Loss, net of tax			
Exchange differences on translation of foreign operations			
Recycled to the profit and loss on derecognition of controlled entity		**2,332,312**	-
Exchange differences arising during the year		**119,851**	1,085,849
		2,452,163	1,085,849
Financial assets measured at fair value through profit and loss			
Net fair value gain / (loss) on financial assets measured at fair value through OCI		**67,882**	(15,610)
Other comprehensive income / (loss) for the year, net of tax		**2,520,045**	1,070,239
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**(3,149,671)**	(42,369,483)
Income / (Loss) for the year is attributable to:			
Owners of Avenira Limited		**(5,312,588)**	(35,396,670)
Non-controlling interest		**(357,128)**	(8,043,052)
		(5,669,716)	(43,439,722)
Total comprehensive income / (loss) for the year is attributable to:			
Owners of Avenira Limited		**(2,792,543)**	(34,525,626)
Non-controlling interest		**(357,128)**	(7,843,860)
		(3,149,671)	(42,369,483)
LOSS PER SHARE			
From continuing operations			
Basic profit per share (cents)	27	**(0.54)**	(0.30)
Diluted profit per share (cents)	27	**(0.54)**	(0.30)
From total operations			
Basic loss per share (cents)	27	**(0.84)**	(4.24)
Diluted loss per share (cents)	27	**(0.84)**	(4.24)

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 2020	NOTES	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
CURRENT ASSETS			
Cash and cash equivalents	8	**1,288,337**	278,689
Trade and other receivables	9	**109,139**	43,020
Assets of disposal group held for sale	11	**-**	25,101,830
TOTAL CURRENT ASSETS		**1,397,476**	25,423,539
NON-CURRENT ASSETS			
Trade and other receivables	9	**1,481,600**	1,481,600
Financial assets	18	**424,993**	15,620
Plant and equipment		**3,796**	5,034
Capitalised exploration and evaluation expenditure	12	**6,344,326**	5,889,800
Intangible assets		**-**	44,223
Right-of-use assets	10	**84,348**	-
TOTAL NON-CURRENT ASSETS		**8,339,063**	7,436,277
TOTAL ASSETS		**9,736,539**	32,859,816
CURRENT LIABILITIES			
Trade and other payables	13	**361,023**	643,986
Lease Liability	10	**35,816**	-
Provisions	14	**6,415**	143,008
Loans and borrowings	15	**-**	1,317,984
Liabilities of disposal group held for sale	11	**-**	12,987,325
TOTAL CURRENT LIABILITIES		**403,254**	15,092,303
NON-CURRENT LIABILITIES			
Provisions	14	**1,739,674**	1,289,500
Lease Liability	10	**55,986**	-
TOTAL NON-CURRENT LIABILITIES		**1,795,660**	1,289,500
TOTAL LIABILITIES		**2,198,914**	16,381,803
NET ASSETS		**7,537,625**	16,478,013
EQUITY			
Issued capital	16	**137,337,162**	142,280,148
Reserves	17(a)	**25,259,540**	27,014,485
Accumulated losses	17(b)	**(155,059,077)**	(149,389,359)
Capital and reserves attributable to members of Avenira Limited		**7,537,625**	19,905,274
Non-controlling interest	24	**-**	(3,427,261)
TOTAL EQUITY		**7,537,625**	16,478,013

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO OWNERS OF AVENIRA LIMITED					
CONSOLIDATED	NOTES	ISSUED CAPITAL	RESERVES	ACCUMULATED LOSSES	TOTAL	NON-CONTROLLING INTEREST	TOTAL
		$	$	$	$	$	$
BALANCE AT 30 JUNE 2018		139,480,390	26,234,899	(113,992,689)	51,722,600	4,416,599	56,139,199
Loss for the year		-	-	(35,396,670)	(35,396,670)	(8,043,052)	(43,439,722)
Other comprehensive income/(loss) for the year		-	871,044	-	871,044	199,192	1,070,236
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	871,044	(35,396,670)	(34,525,627)	(7,843,860)	(42,369,486)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Shares issued during the year		2,860,425	-	-	2,860,425	-	2,860,425
Share Issue transaction costs		(60,667)	-	-	(60,667)	-	(60,667)
Conversion of share rights		-	(50,625)	-	(50,625)	-	(50,625)
Share based payment	28	-	(40,833)	-	(40,833)	-	(40,833)
BALANCE AT 30 JUNE 2019		142,280,148	27,014,485	(149,389,359)	19,905,274	(3,427,261)	16,478,013
Loss for the year		**-**	**-**	**(5,312,588)**	**(5,312,588)**	**(357,128)**	**(5,669,716)**
Other comprehensive income/(loss) for the year		**-**	**2,520,044**	**-**	**2,520,045**	**-**	**2,520,045**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**2,520,044**	**(5,312,588)**	**(2,792,544)**	**(357,128)**	**(3,149,672)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		**-**	**-**	**-**	**-**	**-**	**-**
Shares cancelled during the year		**(4,942,987)**	**-**	**-**	**(4,942,987)**	**-**	**(4,942,987)**
Shares issued during the year		**-**	**-**	**-**	**-**	**-**	**-**
Share based payment	28	**-**	**374,051**	**-**	**374,051**	**-**	**374,051**
Discontinued operations		**-**	**(4,649,041)**	**(357,128)**	**(5,006,169)**	**3,784,389**	**(1,221,780)**
BALANCE AT 30 JUNE 2020		**137,337,161**	**25,259,540**	**(155,059,077)**	**7,537,625**	**-**	**7,537,625**

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 2020

	NOTES	CONSOLIDATED 2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(3,739,733)**	(4,211,822)
Receipts for other income		**3,561**	112
Interest received		**33,487**	45,850
Payment of lease interest		**(3,611)**	-
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	26	**(3,706,296)**	(4,165,860)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests		**(770,515)**	(733,803)
Payments for mine development		**(962,814)**	(4,352,645)
Receipts for phosphate sales capitalised to development		**-**	1,405,314
Payments for plant and equipment		**(3,700)**	(27,554)
Payment of security deposits		**-**	(101,085)
Payments for intangibles		**-**	(5,203)
Refund from security deposits		**1,527**	-
Proceeds from sale of discontinued operations, net of cash disposed		**4,284,234**	-
Purchase of financial instruments		**(341,491)**	-
Loans to other entities		**-**	(137,024)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**2,207,240**	(3,952,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	2,809,799
Transaction costs on issue of shares		**-**	(60,667)
Proceeds from loans and borrowings		**3,028,126**	2,419,346
Payment of principal portion of lease liabilities		**(16,408)**	-
Repayments of loans		**(674,950)**	(649,421)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**2,336,768**	4,519,057
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**837,712**	(3,598,803)
Cash and cash equivalents at the beginning of the financial year		**300,544**	3,679,173
Effects of exchange rate changes on cash and cash equivalents		**150,081**	220,174
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**1,288,337**	300,544

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 9 September 2020. The directors have the power to amend and reissue the financial statements.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The accounting policies outlined throughout the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Compliance with IFRS

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

Historical cost convention

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

Functional and presentation currency

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

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

1. BASIS OF PREPARATION (continued)

Going concern

The board consider the basis of going concern to be appropriate as at 30 June 2020, the Group had cash on hand of $1,288,337 (30 June 2019: $300,544) and has disposed of its Baobab Phosphate Project in Senegal during the financial year.

Following the end of the financial year, the Company undertook a share placement and entitlement issue to raise approximately $3.4 million.

$1,158,543 was raised (before costs) through a 2 for 7 entitlements issue at $0.008 per share (Entitlement).

$2,218,240 million was raised through a placement of 277,280,000 shares to sophisticated investors (Placement) at $0.008 per share.

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	Page 49
Note 14 Provision for mine rehabilitation and restoration	Page 50
Note 28 Share based payments	Page 68

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.

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 2020 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

The Group has adopted AASB 16 *Leases* and AASB Interpretation 23 *Uncertainty over Income Tax Treatment* which became effective for financial reporting periods commencing on or after 1 July 2019

AASB 16 *Leases* (AASB 16)

Nature of the effect of adoption of AASB 16

The Group applied the modified retrospective transition method to adopt AASB 16 and thus prior comparatives were not restated. Under this method, the cumulative effect of initially applying the standard is recognised directly as an adjustment to equity at the date of initial application, 1 July 2019. The Group opted to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and do not contain a purchase option ('short-term lease'), and lease contracts for which the underlying asset is of low value ('low-value assets') (ie. below US$5,000).

The Group has lease contracts for its office premises. Before the adoption of AASB 16 the Group's classified each of its leases (as lessee) at the inception date as either finance lease or operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Prior to the date of initial application of AASB 16, the Group did not have any finance leases recognised. The leases for the office premises was classified as operating leases. Operating leases were not capitalised, and the lease payments were recognised as rent expense in the profit or loss on a straight-line basis over the lease term. The current term of the office lease is for a period of 3 years with an option to extend a further 12 months. At this stage it is not the intention of the Company to extend.

Upon adoption of AASB16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group presents right-of-use assets and lease liabilities separately in the statement of financial position. Right-of-use assets have been recognised based on an amount equal to the lease liabilities. Lease liabilities have been recognised based on present value of the remaining lease payments, discounted using the incremental borrowing rate at 6.15%.

The impact on operating cash flows is the removal of the payments for operating lease costs incurred (previously under AASB 117 Leases), which were expensed through operating costs, except for cash flows relating to variable, short-term and low-value payments. The principal component of lease payments is now recognised as a financing activity in the statement of cashflow (previously presented as an operating activity).

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Reconciliation of operating lease commitments

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	$
Operating lease commitments at 30 June 2019	5,454
Less:	
Commitments relating to short term leases	(5,454)
Add:	
Commitments related to mine development	1,887,602
Lease liabilities at 1 July 2019	**1,887,602**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets $			Lease Liabilities $		
	Port Facility	Office Lease	Total	Port Facility	Office Lease	Total
Recognised as 1 July 2019 on adoption of AASB 16	1,887,602	-	1,887,602	1,887,602	-	1,887,602
Additions	-	104,599	104,599	-	104,599	104,599
Depreciation expense	-	(20,251)	(20,251)	-	-	
Interest expense	-	-	-	-	3,611	3,611
Payments	-	-	-	-	(16,408)	(16,408)
Transfer to discontinued operations	(1,887,602)	-	(1,887,602)	(1,887,602)	-	(1,887,602)
As at 30 June 2020	**-**	**84,348**	**84,348**	**-**	**91,802**	**91,802**

The effect of the adoption of AASB 16 as at 1 July 2019 was an increase in Right-of-use lease assets and Lease liabilities of $1,887,602.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation 23 is applied by the Group from 1 July 2019. Interpretation 23 clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes where there is uncertainty over income tax treatments. It requires assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances come to light. No material impact was noted on the application of Interpretation 23.

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AASB 17 *Insurance Contracts*

In May 2017, the IASB issued AASB 17 *Insurance Contracts* (AASB 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, AASB 17 will replace AASB 4 *Insurance Contracts* (AASB 4) that was issued in 2005. AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in AASB 4, which are largely based on grandfathering previous local accounting policies, AASB 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of AASB 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

AASB 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies AASB 9 and AASB 15 on or before the date it first applies AASB 17. This standard is not expected to have a material impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to AASB 3: *Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in AASB 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to AASB 101 and AASB 108: *Definition of Material*

In October 2018, the IASB issued amendments to AASB 101 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The adoption of these new and amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any other new or amended standards or interpretations that are issued but not yet effective.

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.

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 $
2020				
Income				
Interest revenue	23.471	-	12,209	35,680
Total segment revenue	23,471	-	12,209	35,680
Total revenue as per statement of comprehensive income				35,680
Impairment of non-current assets	(596,960)	-	-	(596,960)
Salaries, administrative and other expenses	(38,926)	-	(2,725,555)	(2,764,481)
Depreciation and amortisation	-	-	(22,283)	(22,283)
Net loss on disposal of fixed assets	(883)	-	(46,246)	(47,129)
Segment net loss before tax	(613,298)	-	(2,781,875)	(3,395,173)
Tax benefit	-	-	-	-
Segment net loss after tax	(613,298)	-	(2,781,875)	(3,395,173)
Loss from discontinued operations				(2,274,543)
Total net loss as per statement of comprehensive income				(5,669,716)
Segment assets				
Capitalised exploration and evaluation expenditure	5,889,800	454,526	-	6,344,326
Plant and equipment	-	-	3,796	3,796
Other assets at balance date	1,497,094	-	1,891,322	3,388,416
Total segment assets	7,386,895	454,526	1,895,118	9,736,539
Segment liabilities				
Other liabilities at balance date	1,740,628	-	458,286	2,198,914
Total segment liabilities	1,740,628	-	458,286	2,198,914

4. SEGMENT INFORMATION (continued)

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

5. INCOME

Accounting policies

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

	2020 $	2019 $
Other income		
Interest from financial institutions	**35,680**	63,973
	35,680	63,973

6. ADMINISTRATIVE AND EMPLOYEE BENEFITS EXPENSE

	2020 $	2019 $
Loss before income tax includes the following administrative expenses		
Consultants	**842,055**	749,437
Regulatory expenses	**130,416**	95,752
Accounting and legal	**337,187**	286,934
Travel expenses	**31,524**	225,854
Short tern office lease expense	**89,407**	104,330
Other administrative expenses	**212,261**	325,533
	1,642,850	1,787,840

	2020 $	2019 $
Loss before income tax includes the following employee benefit expenses		
Salaries and wages	**76,252**	897,323
Defined contribution superannuation expense	**16,932**	39,071
Post-employment benefits	**-**	9,071
Director fees	**603,366**	366,541
Medical and insurance	**48,027**	37,906
	744,576	1,349,912

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.

7. INCOME TAX (continued)

	2020 $	2019 $
(a) Income tax expense/(benefit)		
Current tax	**-**	-
Deferred tax	**-**	(3,311,274)
	-	(3,311,274)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(3,395,173)**	(3,084,624)
Loss from discontinued operations before income tax expense	**(2,274,543)**	(40,355,098)
Accounting loss before income tax	**(5,669,715)**	(43,439,722)
Prima facie tax benefit at the Australian tax rate of 30% (2019: 30%)	**(1,700,915)**	(13,031,916)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	**112,215**	12,550
Unrealised foreign exchange gain/(loss)	**9,118**	48,720
Other	**(110,078)**	(126,145)
Tax effect of current year tax losses and timing differences for which no deferred tax asset has been recognised	**1,689,660**	9,783,745
Income tax benefit	**-**	(3,311,274)
Attributed to:		
Continuing operations	**-**	-
Discontinuing operations	**-**	(3,311,274)
	-	(3,311,274)
(c) Tax affect relating to each component of other comprehensive income		
Financial assets	**(20,365)**	-
	(20,365)	-
(d) Deferred tax assets		
Capital raising costs	**173,250**	251,840
Rehabilitation provision	**521,902**	386,850
Other provisions and accruals	**57,637**	69,549
Tax losses in Australia	**34,329,651**	30,600,468
	35,082,440	31,308,707
Deferred tax assets not recognised	**(33,158,777)**	(29,223,846)
	1,923,663	2,084,861
Offset against deferred tax liabilities	**(1,923,663)**	(2,084,861)
Net deferred tax assets	**-**	-
(e) Deferred tax liabilities		
Capitalised exploration and evaluation costs and development costs	**(1,903,298)**	(1,829,436)
Unrealised foreign exchange gain	**-**	(254,807)
Financial assets at FVOCI	**(20,365)**	-
Other accruals	**-**	(618)
	(1,923,663)	(2,084,861)
Offset against deferred tax assets	**1,923,663**	2,084,861
Net deferred tax liabilities	**-**	-

7. INCOME TAX (continued)

DEFFERED TAX

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2020 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.

	2020 $	2019 $
Cash at bank and in hand (continuing operations)	**488,337**	278,689
Cash at bank and in hand (discontinued operations)	**-**	21,855
Short-term deposits	**800,000**	-
Cash and cash equivalents	**1,288,337**	300,544

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	2020 $	2019 $
Trade and other receivables[(i)]	**3,627**	11,446
Government taxes receivable[(ii)]	**75,845**	380
Security deposits	**29,667**	31,194
	109,139	43,020

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

(ii) Government taxes receivable in 2020 relates to GST receivable in Australia

The carrying amounts disclosed above represent their fair value.

Non-Current	2020 $	2019 $
Security deposits [(1)]	**1,481,600**	1,481,600
	1,481,600	1,481,600

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

10. 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.

10. LEASES (continued)

(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.

Set out below are the carrying amounts of right-to-use assets recognised and the movements during the year:

	2020 $
As at 1 July 2019 on adoption of AASB 16	**1,887,602**
Additions	**104,599**
Depreciation expense	**(20,251)**
Transfer to discontinued operations	**(1,887,602)**
As at 30 June 2020	**84,348**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 $
As at 1 July 2019 on adoption of AASB 16	**1,887,602**
Additions	**104,599**
Interest expense	**3,611**
Payments	**(16,408)**
Transfer to discontinued operations	**(1,887,602)**
As at 30 June 2020	**91,802**
Current	**35,816**
Non-current	**55,986**

11. DISCONTINUED OPERATIONS

Accounting Policy

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

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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

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

Sale of Baobab Phosphate Project

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

The Baobab Phosphate Project represented the entirety of the Group's Baobab (Senegal) operating segment until 14 October 2019. With Baobab Phosphate Project being classified as a discontinued operation, the Baobab (Senegal) segment is no longer presented in the segment note. The results of the Baobab Phosphate Project and Novaphos for the period as presented below:

	2020* $	2019 $
Other income	**3,561**	112
Administration expenses	**(411,690)**	(3,348,690)
Salaries and employee benefits	**(132,048)**	(192,074)
Depreciation	**(116,719)**	(371,991)
Impairment of Doubtful debts	**-**	(896,095)
Impairment of financial assets	**-**	(139.838)
Other operating expenses	**(343,958)**	-
Impairment	**-**	(38,786,264)
FX Movements	**54,041**	68,468
Profit/(loss) before tax from discontinued operation	**(946,813)**	(43,666,372)
Tax benefit:	**-**	3,311,274
Loss for the year from discontinued operations	**(946,813)**	(40,355,098)
Loss on sale of the discontinued operations	**(1,327,730)**	-
Profit/(loss) for the period from discontinued operations	**(2,274,543)**	(40,355,098)
Loss for the period is attributable to:		
Owners of Avenira Limited	**(1,917,415)**	(32,312,046)
Non-controlling interest	**(357,128)**	(8,043,052)
Profit/(loss) for the period from discontinued operations	**(2,274,543)**	(40,355,098)

*Represents the level of activity prior to the sale on 22 October 2019

11. DISCONTINUED OPERATIONS (continued)

Consideration received from sale of Baobab Project	A$
Cash Received (U$3,000,000)	**4,369,356**
Shares returned (617,873,316 shares @ $0.008)	**4,942,987**
Loans Forgiven	**1,389,284**
Directors Fees Forgiven	**408,452**
Total Consideration	**11,110,079**

	2020 $
Net cash flows generated from the sale of Baobab Project are	
Cash Received (U$3,000,000)	**4,369,356**
Cash sold as part of discontinued operations	**(85,122)**
Total Consideration	**4,284,234**

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

	2020 $	2019 $
Operating	**(1,154,281)**	(3,531,994)
Investing	**(1,132,017)**	(3,782,219)
Financing	**2,349,565**	7,156,918
Net cash (outflow) / inflow	**63,267**	(157,295)

Earnings per share

Basic profit / (loss) for the year from discontinued operations (cps)	(0.36)	(3.94)
Diluted profit / (loss) for the year from discontinued operations (cps)	(0.36)	(3.94)

11. DISCONTINUED OPERATIONS (continued)

The Baobab Phosphate Project Sale was completed on 22 October 2019 and under the agreement Avenira agreed to sell or assign all its rights and interests in the following assets to a consortium of its major shareholders (the Purchasers):

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

Under the Transaction:

- Avenira received cash consideration of US$3.0M (A$4.4M), and loan and director fees forgiveness of US$1.2M (A$1.8M), for a total consideration value of US$4.2M (A$6.2M), using a A$:US$ 0.6866 exchange rate.
- Avenira undertook, for nil consideration, a buy-back and capital reduction of all the existing shares held by the major shareholders.

The transaction also resulted in the Purchasers taking on responsibility for the outcome of current Senegalese tax audits of BMCC and Gadde Bissik Phosphate Operations SUARL (its operating subsidiary).

Whilst Avenira has sold its interests in Novaphos (including the licence agreement to use the Novaphos technology in Senegal), Avenira retains an exclusive licence to use the Novaphos technology in Australia.

On 1 July 2019 the Group recognised a right of use asset and lease liability of A$1,887,602 for the 25-year lease on a port facility relating to the Baobab Project. As the Baobab project was sold prior to 30 June 2020, the assets and liabilities classified as held for sale are no longer included in the statement of financial position.

Pursuant to the sale agreement, Avenira must indemnify and keep indemnified Tablo Corporation, Baobab Partners LLC and Agrifields DMCC in respect of any undisclosed tax liabilities of BFA, BMCC or GBO that were due and payable and not been paid before the sale. This amount is capped at US$500,000 in aggregate and expires in October 2020.

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.

	2020 $	2019 $
Reconciliation of movements of exploration and evaluation costs in respect of mining areas of interest		
Opening net carrying amount	**5,889,800**	10,018,672
Capitalised exploration and evaluation costs	**601,312**	733,804
Increase to rehabilitation provision	**450,174**	-
Impairment of exploration and evaluation expenditure(i)	**(596,960)**	(3,028,186)
Assets Held for Sale	**-**	(1,941,789)
Foreign currency translation movement	**-**	107,299
Closing net carrying amount	**6,344,326**	5,889,800

	2020 $	2019 $
Closing net carrying amount represented by the following projects		
Jundee South Project	**454,526**	-
Wonarah Phosphate Project	**5,889,800**	5,889,800
Closing net carrying amount	**6,344,326**	5,889,800

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

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 2020. In SRK's opinion, the valuation of the Wonarah Project has not materially changed since the effective date of the 2019 SRK Report. As such the valuation summary outlined in the 2019 SRK Report and the 2019 Report Update is effective as at 30 June 2020.

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 $596,960 (30 June 2019: $143,642) 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.

	2020 $	2019 $
Trade payables[(i)]	**194,793**	530,667
Other payables and accruals	**166,230**	113,319
	361,023	643,986

(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

	2020 $	2019 $
Employment benefits	**6,415**	143,008
	6,415	143,008

Non-Current	2020 $	2019 $
Mine rehabilitation and restoration[(i)]	**1,739,674**	1,289,500
	1,739,674	1,289,500

Movements in mine rehabilitation and restoration provision		
Opening net carrying amount	**1,289,500**	2,432,970
(Decrease)/increase in provision	**344,196**	-
(Decrease)/increase from change in discount and inflation rate	**105,978**	(632,351)
Foreign currency translation movement	**-**	20,963
Assets held for sale	**-**	(532,082)
Closing net carrying amount	**1,739,674**	1,289,500

[(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 2020 the rehabilitation obligation has a carrying value of $1,739,674 (2019: $1,289,500) for the Wonarah Phosphate Project.

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.

Current	INTEREST RATE %	2020 $	2019 $
Bridge loans – *unsecured*	6.00	-	1,317,984
Total current loans and borrowings		-	1,317,984

Bridge loans

In March 2019 the Company entered into funding agreements with Agrifos Partners LLC, Tablo Corporation an affiliate of Groupe Mimran and Agrifields DMCC whereby unsecured bridge loans were provided to a total of US$900,000.

The loans were fully drawn down during 2019 and accrued interest at 6%. The unsecured bridge loans were assigned and forgiven as part of the consideration for the Sale of Asset as approved by shareholders at the General Meeting held 14 October 2019. See Note 11 for further details on consideration paid.

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.

		2020		2019	
	NOTES	NUMBER OF SHARES	$	NUMBER OF SHARES	$
(a) Share capital					
Ordinary shares fully paid	16(b), 16(e)	**440,754,926**	**137,337,162**	1,058,628,242	142,280,148
Total share capital		**440,754,926**	**137,337,162**	1,058,628,242	142,280,148
(b) Movements in ordinary share capital					
Beginning of the financial year		**1,058,628,242**	**142,280,148**	915,903,243	139,480,390
Transactions during the year:					
- Shares cancelled (i)		**(617,873,316)**	**(4,942,987)**	-	-
- Issue of shares(ii)		**-**	**-**	40,000,000	800,000
- Issue of shares(iii)		**-**	**-**	99,999,999	2,000,000
- Issue of shares(iv)		**-**	**-**	2,025,000	50,625
- Issue of shares(v)		**-**	**-**	700,000	9,800
- Less: transaction costs		**-**	**-**	-	(60,667)
End of the financial year		**440,754,926**	**137,337,162**	1,058,628,242	142,280,148

(i) Shares returned as part of the consideration received from the sale of the Baobab Project. Refer to Note 12 for further details.
(ii) Issued at 2.0 cents pursuant to placement.
(iii) Issued at 2.0 cents pursuant to placement.
(iv) Issued at 2.5 cents to Mr. L Calvarin pursuant to 2018 start term incentive plan.
(v) Issued at 1.4 cents.

	NUMBER OF OPTIONS	
	2020	2019
(c) Movements in unlisted options on issue		
Beginning of the financial year	**80,000,000**	80,000,000
Expired/cancelled during the financial year	**(80,000,000)**	-
Issued during the financial year		
- 2 cent options, 30 November 2022	**24,000,000**	-
- 3 cent options, 30 November 2022	**24,000,000**	-
End of the financial year	**48,000,000**	80,000,000

	NUMBER OF SHARE RIGHTS	
	2020	2019
(d) Movements in share rights		
Beginning of the financial year	**-**	5,000,000
Lapsed during the year:		
- Performance rights forfeited on 30 June 2019 (3)	**-**	(5,000,000)
End of the financial year	**-**	-

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

16. ISSUED CAPITAL (continued)

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(f) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. There has been no change in the strategy adopted by management to control the capital of the Group since the prior year.

Due to the nature of the Group's activities, being mineral exploration, 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:

	2020 $	2019 $
Cash and cash equivalents	**1,288,337**	278,689
Trade and other receivables	**109,139**	43,020
Trade and other payables	**(361,023)**	(643,986)
Lease Liability	**(35,816)**	-
Current provisions	**(6,415)**	(143,008)
Current loans and borrowings	**-**	(1,317,984)
Working capital position	**994,222**	(1,783,269)

17. RESERVES AND ACCUMULATED LOSSES

	2020 $	2019 $
(a) Reserves		
Financial assets at fair value through OCI	**67,882**	-
Foreign currency translation	**128,765**	2,325,644
Share-based payments	**17,597,429**	17,223,378
Non-controlling interest reserve	**7,465,464**	7,465,464
Total reserves	**25,259,540**	27,014,485

	2020 $	2019 $
Movements:		
Fair Value Reserve of Financial Assets at FVOCI		
Balance at beginning of year	**-**	15,610
Revaluation	**67,882**	(15,610)
Balance at end of year	**67,882**	-
Foreign currency translation reserve		
Balance at beginning of year	**2,325,644**	1,438,988
Recycled to the profit and loss on derecognition of controlled entity	**(2,332,312)**	-
Currency translation differences arising during the year	**135,433**	886,656
Balance at end of year	**128,765**	2,325,644
Share-based payments reserve		
Balance at beginning of year	**17,223,379**	17,314,837
Performance rights and share rights	**-**	(40,833)
Other share-based payments[(i)]	**374,051**	-
Share rights converted to ordinary shares	**-**	(50,626)
Balance at end of year	**17,597,429**	17,223,378
Non-controlling interest reserve		
Balance at beginning of year	**7,465,464**	7,465,464
Balance at end of year	**7,465,464**	7,465,464

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

17. RESERVES AND ACCUMULATED LOSSES (continued)

	2020 $	2019 $
(b) Accumulated losses		
Balance at beginning of year	**(149,389,359)**	(113,992,689)
Net loss for the year attributable to owners of Avenira Limited	**(5,669,716)**	(35,396,670)
Balance at end of year	**(155,059,077)**	(149,389,359)

(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 15.

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

FINANCIAL RISK MANAGEMENT POLICIES

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

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

Financial instruments

The Group holds the following financial instruments:

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**1,288,337**	278,689
Trade and other receivables	**109,139**	43,020
Other non-current receivables	**1,481,600**	1,481,600
Fair value reserve of financial assets at FVOCI		
- Listed investments	**424,993**	15,620
- Unlisted investments	**10,000**	-
	3,314,069	1,818,929

18. FINANCIAL RISK MANAGEMENT (continued)

	2020 $	2019 $
Financial liabilities		
Trade and other payables	**361,023**	643,986
Lease liabilities - current	**35,816**	-
Lease liabilities – non-current	**55,986**	-
Loans and borrowings	**-**	1,317,984
	452,825	1,961,970

(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 2020, 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 2020, the entire balance of cash and cash equivalents for the Group of $1,288,337 (2019: $300,544) 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.

18. FINANCIAL RISK MANAGEMENT (continued)

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**1,288,337**	278,689
Trade and other receivables	**109,139**	43,020
Other non-current receivables	**1,481,600**	1,481,600
	2,879,076	1,803,309

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.

	2020 $	2019 $
Cash at bank and short-term bank deposits		
Held with Australian banks and financial institutions		
AA3 rated	**1,288,337**	277,253
Held with South African banks and financial institutions		
BBB rated	**-**	1,436
	1,288,337	278,689
Trade and other receivables		
Held with Australian banks and financial institutions		
AA- rated	**-**	-
AA3 rated	**29,667**	15,000
Counterparties with external credit ratings	**-**	-
Counterparties without external credit ratings		
Group 1	**79,472**	28,020
Group 2	**-**	-
	109,139	43,020
Other non-current receivables		
Held with Australian banks and financial institutions		
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						
2020						
Trade and other payables	**194,792**	**166,231**	**-**	**-**	**-**	**361,023**
Lease Liabilities	**-**	**11,367**	**33,751**	**61,246**	**-**	**106,364**
	194,792	**177,598**	**33,751**	**61,246**	**-**	**467,387**
2019						
Interest bearing loans and borrowings at 6.00%	-	-	1,317,984	-	-	1,317,984
Trade and other payables	530,666	113,320	-	-	-	643,986
	530,666	113,320	1,317,984	-	-	1,961,970

(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	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
Fair value of financial assets through OCI	**424,993**	15,620	**424,993**	15,620
Total financial assets	**424,993**	15,620	**424,993**	15,620

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 $
2020				
Financial assets				
Fair value of financial assets through OCI – listed	**414,993**	**-**	**-**	**414,993**
Fair value of financial assets through OCI– unlisted	**-**	**-**	**10,000**	**10,000**
	414,993	**-**	**10,000**	**424,993**
2019				
Financial assets				
Fair value of financial assets through OCI – listed	15,620	-	-	15,620
Fair value of financial assets through OCI– unlisted	-	-	-	-
	15,620	-	-	15,620

(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 2020 was $7,537,625 (30 June 2019: $19,905,274). 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.

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 Ernst & Young Australia.

Auditor remuneration	2020 $	2019 $
Fees to Ernst & Young (Australia)		
Auditing the statutory financial report of the parent covering the group and any controlled entities	**92,410**	112,583
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	**9,038**	21,761
Other Services		
Tax Compliance	**14,000**	6,000
Total fees to Ernst & Young (Australia) (A)	**115,448**	140,344
Fees to other overseas member firm of Ernst & Young (Australia) (B)	**-**	-
Total Auditor Remuneration (A+B)	**115,448**	140,344

From time to time the Group may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

The Board has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the Corporations Act 2001.The nature of services provided to the Group during the period by Ernst & Young and other practices do not compromise the general principles relating to auditor independence because they relate to tax advice in relation to domestic and international compliance issues, and due diligence services which involved the provision of assurances arising from their engagement.

20. CONTINGENCIES

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

TNT Mines Royalty Deed

The parent entity will receive a royalty on a quarterly basis on all product sold, removed or otherwise disposed from all tenements held by TNT Mines. The royalty is calculated at 1.5% of the net smelter return and the total amount receivable is capped at $5,000,000. In December 2019, A Deed of Assignment and Assumption was signed with TNT Mines Limited assigning and to TinOne Resources Corporation assuming the obligations of the Principal Agreement (Tenement Sale Agreement).

The Directors are of the opinion that it is not practicable to estimate the financial effect at the date of this report.

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:

	2020 $	2019 $
(a) Exploration commitments		
Within one year	**398,609**	131,613
Later than one year but no later than five years	**994,596**	114,151
Later than five years	**64,832**	-
	1,458,037	245,764

	2020 $	2019 $
(b) Mine development commitments		
Within one year	**-**	217,350
Later than one year but no later than five years	**-**	652,051
Later than five years	**-**	2,348,866
Development expenditure contracted for at reporting date but not recognised as liabilities	**-**	3,218,267

The mine development commitments at 30 June 2019 related to the Baobab Phosphate Project.

The Group has an office lease contract as at 30 June 2020. The future lease payments for this non-cancellable lease contract is $40,467, later than one year but no later than five $58,616.

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

	2020 $	2019 $
Short-term benefits	**813,419**	1,340,262
Long-term benefits	**-**	6,710
Post-employment benefits	**16,932**	29,137
Termination payments	**146,207**	-
Share-based payments	**374,051**	(40,721)
	1,350,609	1,335,387

(d) Transactions with key management personnel

	2020 $	2019 $
Other directors' interest (i)	**122,550**	134,713
	122,550	134,713

(i) In addition to his Executive Chairman fee, Mr. Clark was engaged to provide the Company strategic advisory services on a consulting basis during the period. Total consultancy fees of $117,125 (2019: $134,713) were charged by Mr. Clark during the year. The agreement had no fixed term and no termination notice period however ceased once appointed Executive Chairman and CEO 5 December 2019. A further $5,425 was also paid to Mr. Clark for fees relating to an interim office lease from the period 1 September to 30 November 2019. The total amount of fees is included in his Salary & Fees amount in the Details of Remuneration of KMP table on page 19. At 30 June 2020, advisory and lease fees paid to Mr. Clark impacted the Statement of Profit and Loss and Other Comprehensive Income with $122,550 recognised in Administrative and Other Expenses. There was no impact on the 30 June 2020 Statement of Financial Position.

(e) Loans from key management personnel

The Group received the following loans from KMP or their related parties during the 2020 financial year (2019: $674,709):

2020

LENDER	BALANCE AT START OF THE YEAR $	LOAN PROCEEDS RECEIVED $	INTEREST CHARGED $	FORGIVEN DURING THE YEAR $	FX IMPACT $	BALANCE AT END OF THE YEAR $	HIGHEST BALANCE DURING THE YEAR $
Agrifos Partners LLC(i)	366,436	-	11,754	(386,250)	8,060	-	386,250

(i) Agrifos Partners LLC is a company related through the common control of former director Mr. Timothy Cotton

On 27 September 2019, the Company obtain an extension to the maturity of the Shareholder Loans, extending the maturity date to 21 October 2019. The loan was forgiven as part of the consideration in the Baobab Transaction Sale. Refer to Note 11 for details.

2019

LENDER	BALANCE AT START OF THE YEAR $	LOAN PROCEEDS RECEIVED $	INTEREST CHARGED $	FX IMPACT	REPAID DURING THE YEAR	BALANCE AT END OF THE YEAR $	HIGHEST BALANCE DURING THE YEAR $
Agrifos Partners LLC(i)	-	352,262	10,057	4,117	-	366,436	366,436

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

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]	
			2020	2019
			$	$
Minemakers Australia Pty Ltd	Australia	Ordinary	100	100
Minemakers (Iron) Pty Ltd (iii)	Australia	Ordinary	-	100
Minemakers (Nickel) Pty Ltd (iii)	Australia	Ordinary	-	100
Minemakers (Salt) Pty Ltd (iii)	Australia	Ordinary	-	100
Minemakers (Gold) Pty Ltd (iii)	Australia	Ordinary	-	100
Bonaparte Diamond Mines Pty Ltd	Australia	Ordinary	100	100
Avenira Gold Pty Ltd	Australia	Ordinary	100	-
Baobab Fertilizer Africa (iv)	Mauritius	Ordinary	-	100
Baobab Mining and Chemicals Corporation SA (iv)	Senegal	Ordinary	-	80
Gadde Bissik Phosphate Operations Suarl (iv)	Senegal	Ordinary	-	80
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.
(iii) Company's deregistered 10 March 2020.
(iv) Company's disposed on 22 October 2019.

Transactions with non-controlling interests

Portion of equity interest held by non-controlling interests	COUNTRY OF INCORPORATION	2020 $	2019 $
Baobab Mining and Chemicals Corporation SA	Senegal	-	20%

Accumulated balance of material non-controlling interest	2020 $	2019 $
Baobab Mining and Chemicals Corporation SA	-	(3,427,261)

Loss allocated to material non-controlling interest	2020 $	2019 $
Baobab Mining and Chemicals Corporation SA	-	8,043,052

25. EVENTS OCCURING AFTER THE BALANCE DATE

Following the end of the financial year, the Company undertook a share placement and entitlement issue to raise approximately $3.4 million.

$1,158,543 was raised (before costs) through a 2 for 7 entitlements issue at $0.008 per share (Entitlement).

$2,218,240 million was raised through a placement of 277,280,000 shares to sophisticated investors (Placement) at $0.008 per share.

Other than as disclosed above, no event has occurred since 30 June 2020 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

	2020 $	2019 $
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss from continuing operations	**(3,395,173)**	(3,084,624)
Net loss from discontinuing operations	**(2,274,543)**	(40,355,098)
Adjustment for non-cash items		
Depreciation of plant and equipment	**22,283**	19,421
Share based payment expense	**374,051**	(40,833)
Net foreign currency loss/(gain)	**(607)**	(146,519)
Amortisation of intangibles	**-**	449,703
Impairment of exploration and evaluation expenditure	**596,960**	3,028,186
Impairment of financial assets	**-**	139,838
Impairment of capitalised mine development expenditure	**-**	34,823,608
Impairment of property plant and equipment	**-**	628,409
Disposal of intangibles loss/(gain)	**47,129**	-
Impairment / (impairment reversal) of Doubtful debts	**-**	896,095
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Increase in trade and other receivables	**66,119**	545,513
Increase/(decrease) in trade and other payables	**720,894**	2,848,008
Increase (decrease) in provisions	**136,593**	(606,923)
Decrease in deferred tax liabilities	**-**	(3,311,274)
Net cash outflow from operating activities from operating activities	**(3,706,295)**	(4,165,860)

Change in liabilities from financing activities

	Opening balance 1-Jul-19	Additions during the year	Interest accrued	FX Impact	Payments	Forgiven during the period	Closing balance 30-Jun-20
Interest bearing loans & borrowings - Shareholder loans	1,317,984	-	42,656	28,644	-	(1,389,284)	-
Lease liabilities	-	104,599	3,611	-	(16,408)	-	91,802
	1,317,984	104,599	46,267	28,644	(16,408)	(1,389,284)	91,802

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.

27. EARNINGS PER SHARE (continued)

Diluted earnings per share

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

	2020 $	2019 $
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(5,312,588)**	(35,396,670)

	2020 NUMBER OF SHARES	2019 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	**632,041,733**	1,024,675,297
Weighted average number of ordinary shares used in calculation of diluted loss per share	**680,041,733**	1,104,675,297
(c) Effects of anti-dilution from		
Unlisted options	**48,000,000**	80,000,000
Share rights	**-**	-

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.

28. SHARE BASED PAYMENTS (continued)

(a) Performance Rights Plan

There were no performance rights granted during the year ended 30 June 2020 (2019: Nil)

(b) Options

In December 2019, 48,000,000 options were issued to the Directors pursuant to shareholder approval received at the 2019 AGM. Options were issued in two tranches with a different exercise price for each tranche being 2 cents and 3 cents, and all have an expiry date of 30 November 2022.

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 2020		AVENIRA LIMITED 2019	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	**80,000,000**	**$0.25**	80,000,000	$0.25
Granted	**48,000,000**	**$0.025**	-	-
Exercised	**-**	-	-	-
Expired	**(80,000,000)**	**$0.25**	-	-
Outstanding at the end of the year	**48,000,000**	**$0.025**	80,000,000	$0.25
Exercisable at the end of the year	**48,000,000**		80,000,000	$0.25

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.42 years, and the exercise prices range from 2 cents to 3 cents. All options issued during the year were valued using the Black-Scholes option pricing model. The fair value of the options granted during the 2020 year was estimated on the date of grant using the following inputs:

	2020	
	TRANCHE 1	TRANCHE 2
Options issued	**24,000,000**	**24,000,000**
Measurement date	**29/11/2019**	**24/11/2019**
Exercise price (cents)	**$0.02**	**$0.03**
Fair value at grant date	**0.008**	**0.007**
Volatility	**100%**	**100%**
Risk free rate	**0.65%**	**0.65%**
Expiry date	**30/11/2022**	**30/11/2022**
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 directors and recognised in the profit or loss statement	**$201,903**	**$172,148**

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.

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Avenira Limited, at 30 June 2020. The information presented here has been prepared using accounting policies consistent with Group accounting policies.

	2020 $	2019 $
(a) Financial position		
Assets		
Current assets	**1,381,063**	300,088
Non-current assets	**968,582**	21,710,164
Total assets	**2,349,645**	22,010,252
Liabilities		
Current liabilities	**458,287**	2,104,978
Non-current liabilities	**-**	-
Total liabilities	**458,287**	2,104,978
Net Asset Position	**1,891,358**	19,905,274
Equity		
Contributed equity	**137,337,162**	142,280,148
Reserves:		
- Share based payments	**16,993,728**	16,619,677
- Performance rights	**603,701**	603,701
- Financial assets at FVOCI	**67,882**	-
Accumulated losses	**(153,111,114)**	(139,598,016)
Total equity	**1,891,358**	19,905,274
(b) Financial performance		
Loss for the year	**(13,513,098)**	(34,510,016)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(13,513,098)**	(34,510,016)

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

The parent entity does not have any contingent liabilities at 30 June 2020.

(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 27 to 70 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 2020 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, 9 September 2020

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Avenira Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Avenira Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Building a better working world

1. Impairment assessment of Wonarah exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
Assessment of the carrying value of exploration and evaluation assets for impairment can be subjective, based on the Group's tenure, ability to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. Accordingly, this was considered to be a key audit matter. As disclosed in Note 12 to the financial statements, an impairment test was performed in relation to the Group's Wonarah project at 30 June 2020 and an impairment of $0.6 million was recognised. In determining a recoverable amount for the Wonarah project, the Group relied upon an independent expert valuation for which the primary inputs were not directly market observable, and contained a degree of subjectivity.	Our audit procedures included the following: ► Considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements. ► Evaluated the competency and objectivity of experts who prepared the independent valuation of the resources contained in the Wonarah area of interest, by considering their professional qualifications and expertise. ► Considered whether the exploration activities within the Wonarah area of interest had reached a stage where a commercially viable resource estimate could be made, which included obtaining and assessing supporting documentation such as the Group's announcements to the Australian Stock Exchange in relation to its mineral resource reserve. ► Involved our valuation specialists to provide input on key assumptions, including resource multiples, made by the independent expert in arriving at their preferred valuation. ► Assessed the adequacy of the disclosures in the financial statements.

2. Sale of Baobab and Novaphos Inc. interests

Why significant	How our audit addressed the key audit matter
As disclosed in Note 11, on 1 July 2019 Avenira announced that it proposed to sell its interests in the Baobab Phosphate Project and Novaphos Inc. to a consortium of Avenira's major shareholders On 14 October 2019 shareholder approval for the sale was received and the transaction was completed on 22 October 2019. We considered the sale of the Group's interests in Baobab and Novaphos a key audit matter because of their size, complexity and the judgment required in calculating certain amounts included in the loss on disposal.	Our audit procedures included the following: ► Obtained and read the key documents associated with the sale to identify the terms relevant to the transaction. ► Tested the loss on disposal by reconciling the consideration to the Share Purchase Agreement (SPA) and bank accounts. ► Verified the net assets disposed of to underlying accounting records and challenged the Group's measurement of assets and liabilities disposed of. ► Assessed the treatment of foreign exchange gains that were recycled from the Foreign Currency Translation Reserve to the profit or loss. ► Assessed the adequacy of the disclosure in the financial statements.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Avenira Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
9 September 2020

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 8 September 2020.

(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	357	72,047
1,001 – 5,000	602	2,110,972
5,001 – 10,000	685	5,461,266
10,001 – 100,000	1,433	49,145,861
100,001 and over	557	806,062,672
	3,634	862,852,818
The number of equity security holders holding less than a marketable parcel of securities are:	2,564	26,103,623

(b) Twenty largest shareholders

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

Top Holders Snapshot - Grouped

Rank	Name	Units	% Units
1	AU XINGAO INVESTMENT PTY LTD	87,359,226	10.12
2	ANOVA METALS LIMITED	35,762,303	4.14
3	MCNEIL NOMINEES PTY LIMITED	26,327,723	3.05
4	AWAKENING INVESTMENT PTY LTD	21,597,005	2.50
5	MRS VINEETA GUPTA	20,733,821	2.40
6	MR GIOVANNI DEL CONTE	14,849,612	1.72
7	SOCIETE DE POLYSERVE POUR LES ENGRAIS ET PRODUITS CHIMIQUES SA\C	14,703,962	1.70
8	SAILORS OF SAMUI PTY LTD	14,380,022	1.67
9	MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING <WHITING FAMILY S/F A/C>	14,226,366	1.65
10	FANNUCCI PTY LTD	13,444,474	1.56
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,640,766	1.23
12	GLOWSHORE PTY LTD <THE CONTROL INVESTMENT A/C>	9,714,645	1.13
13	NURRAGI INVESTMENTS PTY LTD	9,206,116	1.07
14	LONGRIDGE PARTNERS PTY LTD	8,959,409	1.04
15	BLAMNCO TRADING PTY LTD	8,604,464	1.00
16	MR ADAM MARK MITCHELL	8,356,865	0.97
17	MR ALAN LINDSAY CONIGRAVE <TRADING A/C>	7,702,231	0.89
18	HARBOUR VIEW CAPITAL PTY LTD	7,377,790	0.86
19	MR BRETT WILMOTT <WILMOTT SUPER FUND A/C>	7,153,567	0.83
20	OCTIFIL PTY LTD	6,392,650	0.74
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**347,493,017**	**40.27**
Total Remaining Holders Balance		**515,359,801**	**59.73**

(c) Substantial shareholders

Name	Units	% Units
AU XINGAO INVESTMENT PTY LTD	87,359,226	10.12

(d) Unquoted Equity Securities

The Company has 85,000,000 unquoted options on issue.

Grant Date	Date of Expiry	Exercise Price	Number under Option	No of Holders
29 November 2019	30 November 2022	$0.02	24,000,000	3
29 November 2019	30 November 2022	$0.03	24,000,000	3
07 September 2020	07 September 2023	$0.025	6,000,000	1
07 September 2020	07 September 2023	$0.035	6,000,000	1
			60,000,000	

(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
East Murchison, Western Australia	EL53/2078	100
East Murchison, Western Australia	EL53/2049	100
East Murchison, Western Australia	EL53/1856	100
East Murchison, Western Australia	EL53/1859	100