

22 July 2016

JUNE 2016 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

BAOBAB PHOSPHATE PROJECT

- **Strong progress on site to complete Stage 1 open pit and overburden removal**
- **Processing plant almost complete, with final components on-site awaiting installation**
- **Supporting site infrastructure largely complete with accommodation village, site offices, water supply and telecommunication systems operational**
- **Initial product offtake agreements secured for Baobab Project**
- **Project on schedule for first production during the September quarter 2016**

CORPORATE

- **Appointment of Dr. Christopher Pointon as independent non-executive director of Avenira**
- **Cash balance at 30 June 2016 of A\$24.5m**

Cliff Lawrenson, Managing Director, commented *"We are delighted with the progress the Company has made during the June quarter. The Baobab Project is rapidly transforming and will become operational in the September quarter. Mining activities and all related works are currently on time and on budget."*

We are very pleased to have secured our first export offtake customers for rock phosphate from the Baobab Project and we are looking forward to converting other MOU's into commercial supply contracts in the near future. These first contracts cover a relatively large share of our planned production and provide a solid base upon which to add incremental offtake arrangements.

Following the commencement of production, our priority will be to secure the necessary approvals to move from our current Small Mine Permit to a full Mine Permit to enable increased production.

We are also pleased to welcome Dr Christopher Pointon to the Board of Directors as an independent, Non-Executive Director. Chris has an outstanding track record in the mining industry and we look forward to his contribution to the Company.

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FOR FURTHER INFORMATION:

Mr Cliff Lawrenson

Managing Director and CEO, Avenira Limited

Mr Rod Wheatley

CFO and Company Secretary, Avenira Limited



1. BAOBAB PHOSPHATE PROJECT

1.1 PROJECT DEVELOPMENT

Strong progress was made during the June quarter on the development of the first open pit, infrastructure and processing facilities within the Small Mine Permit ("SMP") area at the Baobab Phosphate Project ("Project").

Key activities completed during the June quarter are listed below.

Mining Contract

- Mining of the Stage 1 open pit overburden progressed and was on schedule at the end of June for first ore mining to commence in the September quarter.
- In June, Stage 2 open pit overburden removal commenced.
- The mining rate continued to improve as mining conditions are better understood and full mining fleet resources were established.
- By the end of the June quarter overburden mining rates had increased to 25,000m³ per day.



Figure 1: Open Pit at the end of June



Figure 2: Open Pit Mining in progress

Site Infrastructure

- Site fencing work was completed during the June quarter. This has allowed closing of the site to the general public and establishment of site access security protocols.
- The nine accommodation units, two ablution blocks, dining room and three office units were all commissioned and operational from April (Figure 3).
- Intermittent local internet communications have resulted in the selection of a satellite communications system to allow secure and reliable data transfer facilities between site and Dakar and Perth. This is expected to be installed early in the September quarter.



Figure 3: Project mine site facilities and offices operational



Mine Design and Schedule

Ongoing optimisation of the mine design and scheduling is demonstrating little change to the original pit design.

The indicated extensions of the original open pit to the northeast and east are currently being evaluated with a view to further optimising the mining schedule.

Water Supply

- Completion of drilling for the two deep process water bores has confirmed higher water flow rates than planned.
- Process water bore pumps and associated equipment have been ordered with the first bore currently being installed and equipment for the second bore in transit to site.
- During the June quarter drilling of 3 shallow community water bores was completed with two of the three water bores providing water flows high enough to establish longer term community water supplies. Currently, specifications of the equipment to suit these two bores are being defined prior to ordering equipment.



Figure 4: BAUER Resources Senegal water pump testing at Process Water Bore 2



Figure 5: BAUER Resources Senegal water airlift testing at Process Water Bore 1

Processing

- The long lead ultrafine screening equipment, fabricated in the USA, arrived on site during the June quarter and has been installed in the process plant.
- Site process plant civil and concrete works have been completed.
- The feed mobile screening plant (Powerscreen) was delivered to site in early June.
- Nine of the fourteen containers of steelwork and equipment from Consulmet in Johannesburg have been received on site with the remaining 5 containers in transit or in Dakar.
- At the end of the June quarter progress with the process plant erection indicates scheduling for commissioning in the September quarter.



Figure 6: Process Plant progress at the end of June



Figure 7: Ultrafine screening equipment



Figure 8: "Powerscreen" Wet Plant Feed Screening Unit

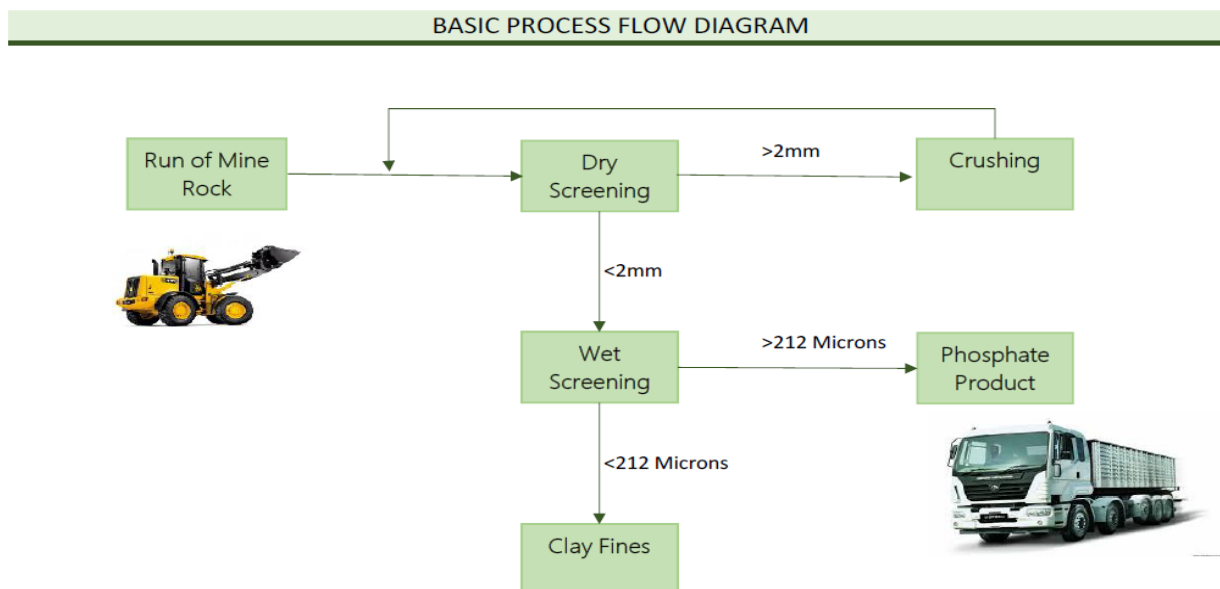


Figure 9: Gadde Bissik Basic Process Flow Diagram

Tailings Dam

Earthworks were started for the establishment of a dam storage facility to hold the clay reject “fines” from the process plant.

This work was incorporated as part of the mining operation, involving overhaul of waste currently being removed from Stage 1 Open Pit.

At the end of the June quarter work had progressed to a stage that will allow use of this facility as soon as commissioning of the process plant starts.

Project Schedule

The current project schedule shows mining of overburden and access to ore in the Stage 1 open pit expected in the early in the September quarter, with process plant commissioning timed to start at that time.

Transport

The road haulage contract has been awarded to Sogotrans, a local Senegalese company, following the tender process.

The contract has been signed, with Sogotrans expected to commence mobilisation to site in the second half of July.



Port of Dakar

The TVS Nectotrans contract for undercover (tarpaulin) storage of export product at the port has completed legal reviews and is being finalised. The storage capacity in the contract has been increased from the original 20,000t to 30,000t capacity at the port.

Local Community Consultation and Relocation

Several access tracks external to the site fence were relocated to allow local community travel around the site where operational security has required the closing of historical paths.

Continued collaboration with the local communities has established:

- Training for GBO Security Personnel by the local Gendarmerie.
- A system for potential local employees to be identified and employed for short term and longer term construction and operational functions.
- Co-operation with local medical facilities and practitioners for medical support.

Recruitment

By the end of June all recruitment required for initial operations had been completed.

Recruiting will continue based on performance and needs.

Marketing

Gadde Bissik Phosphates Operations SUARL, a Senegalese subsidiary of Avenira, has signed its first export rock phosphate supply agreements with Actatrade SA and Getax Agrifert DMCC, with Baobab rock phosphate product destined for downstream phosphate fertiliser producers. These agreements mark a significant milestone for Avenira as the Company approaches first production at Baobab.

Under the three-year offtake agreements, the buyers will initially purchase between 240,000 and 360,000 metric tons per annum of rock phosphate from the Baobab Project's production, with the term extendable at the option of both parties. Product will be delivered from the port of Dakar, with offtake pricing to be based on the global market price for equivalent rock phosphate product and set for semi-annual periods.

Securing these agreements demonstrates that there is good demand for quality rock phosphate product, as well as showing the market's confidence in the Baobab Project's ability to produce and deliver a desirable product. Avenira is currently engaged with a number of other parties on further offtake arrangements set to cover the balance of planned annual production which it expects to convert into formal agreements in the near term.

1.2 GEOLOGY AND EXPLORATION

BAOBAB PROJECT

Drilling activities for the quarter focussed on resource definition within and adjacent to the SMP at 125m x 125m spacing. Drilling was slower than planned due to rig availability issues and difficult ground conditions with numerous holes having to be re-drilled to ensure satisfactory sample recoveries. A second drill rig was brought to site in mid-May. A total of 52 diamond holes for 2,314 metres were drilled during the period. A drill status plan is shown at Figure 11.



Resource definition drilling is anticipated to continue for the majority of the following quarter.

An air core scout drilling program that was planned for the quarter was delayed due to rig unavailability and is now schedule to commence in July.

	Air core drilling		Diamond drilling	
Purpose of drilling	Holes	Metres	Holes	Metres
Regional exploration	-	-	-	-
Resource definition				
- Within SMP	-	-	41	1884
- Outside SMP	-	-	11	430
TOTAL			52	2314

Table 1: Drilling statistics – June 2016 Quarter

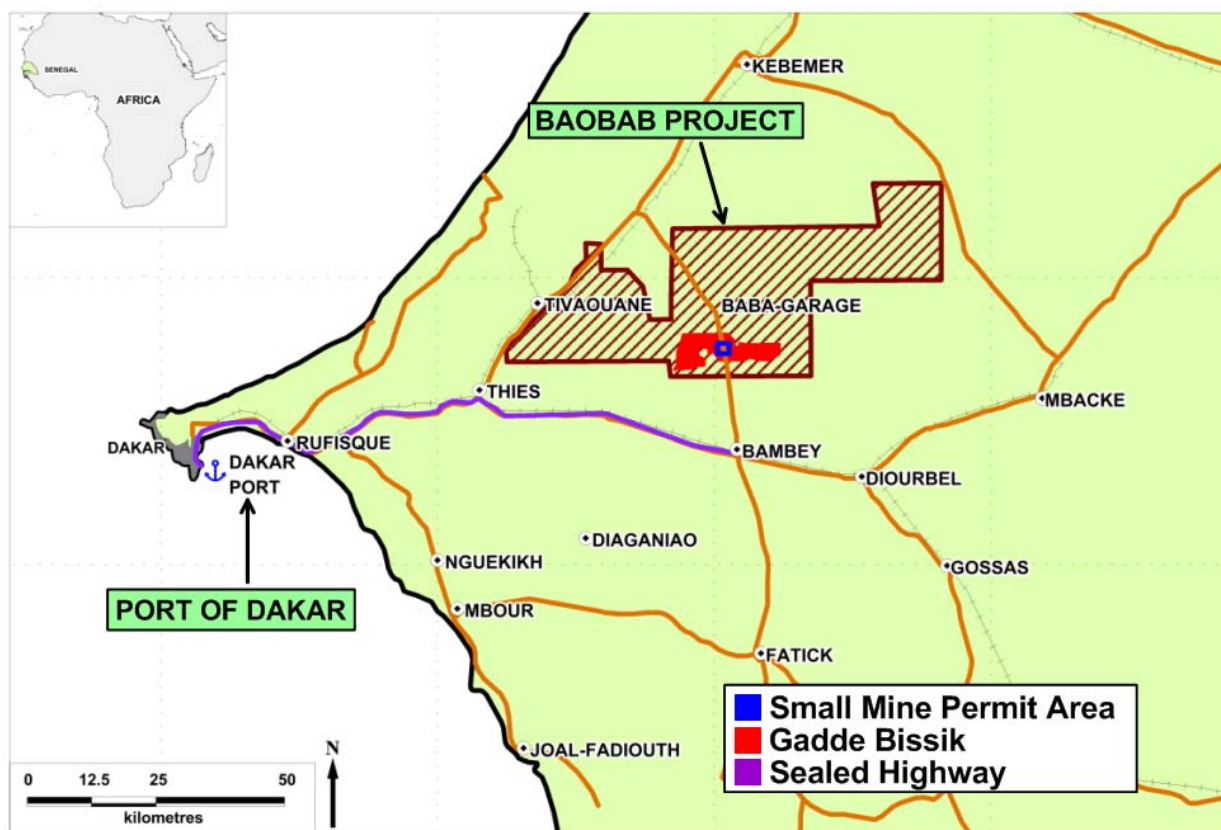


Figure 10: Baobab and Gadde Bissik location

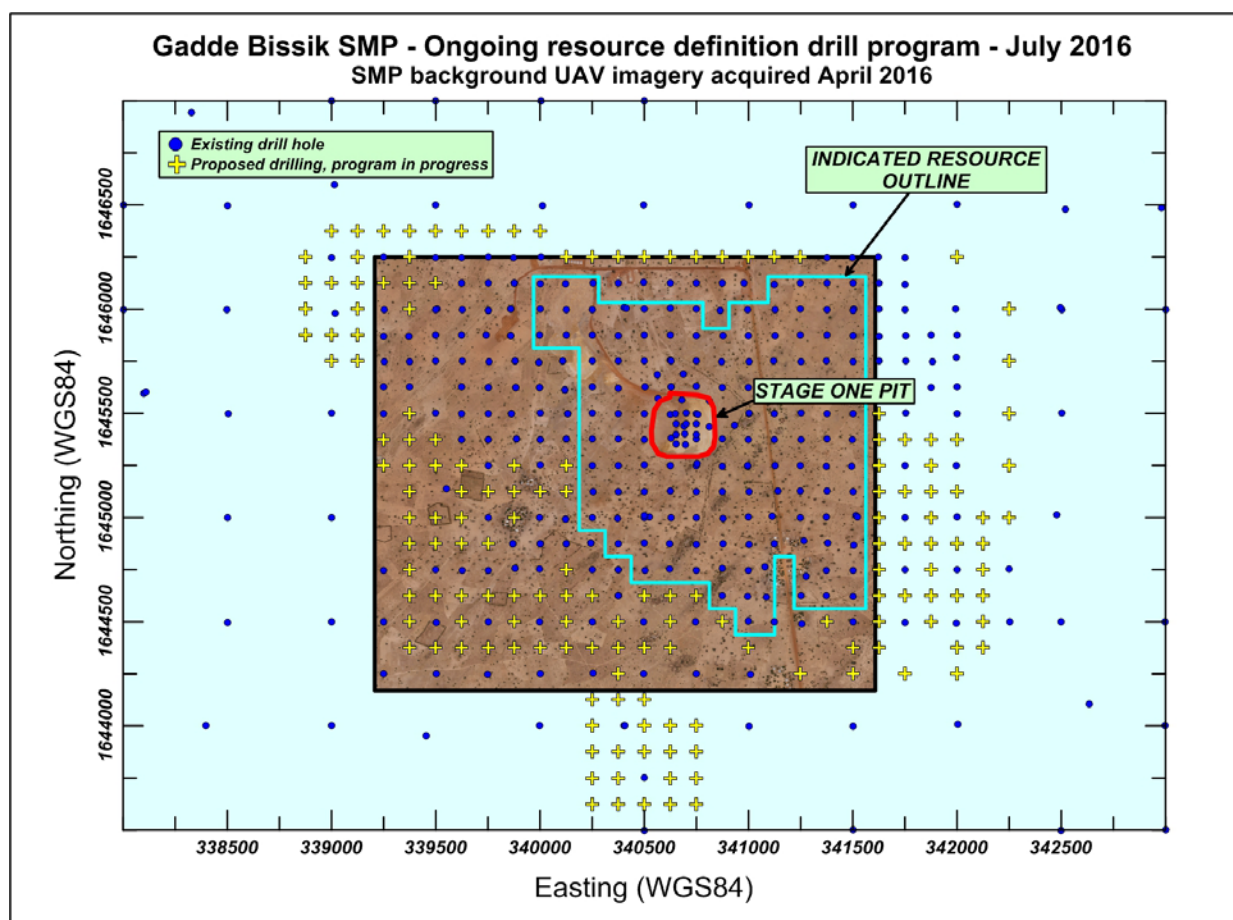


Figure 11: Gadde Bissik SMP - Drill status plan

Resource

There has been no change to the resource estimate during the June quarter.

GOSSAS PROJECT

The Gossas tenement (Figure 12) is in the process of being transferred to BMCC.

The Gossas tenement lies to the south-east of Baobab (Figure 11) and the eastern part of the tenement covers an area of high prospectivity for phosphate with numerous historical records of phosphate occurrences. In June 2016, BRGM produced a report based on a literature survey of old available geological data from water wells and boreholes to establish the most prospective geology and to recommend relevant exploration phosphate targets.

The geology of the western half of the Gossas tenement is not considered to be prospective for economic phosphate mineralisation. The eastern half of the tenement is underlain by geology that is prospective and has recorded phosphate occurrences. Some phosphate exploration was carried out in the 1950s and phosphate mineralisation up to 12 metres thick was recorded in the southeastern part of the Gossas tenement. The depth of overburden varies from 20 to 40 metres. The mineralisation is considered to be similar in nature to the reworked style of mineralisation that occurs at Gadde Bissik on the nearby Baobab tenement. The



grade of the phosphate is conjectural with some high grade samples recorded but sampling protocols unknown.

A preliminary air core drill program of 30 to 40 holes is planned to broadly assess the known areas of phosphate mineralisation in the eastern half of the tenement and will commence after the wet season.

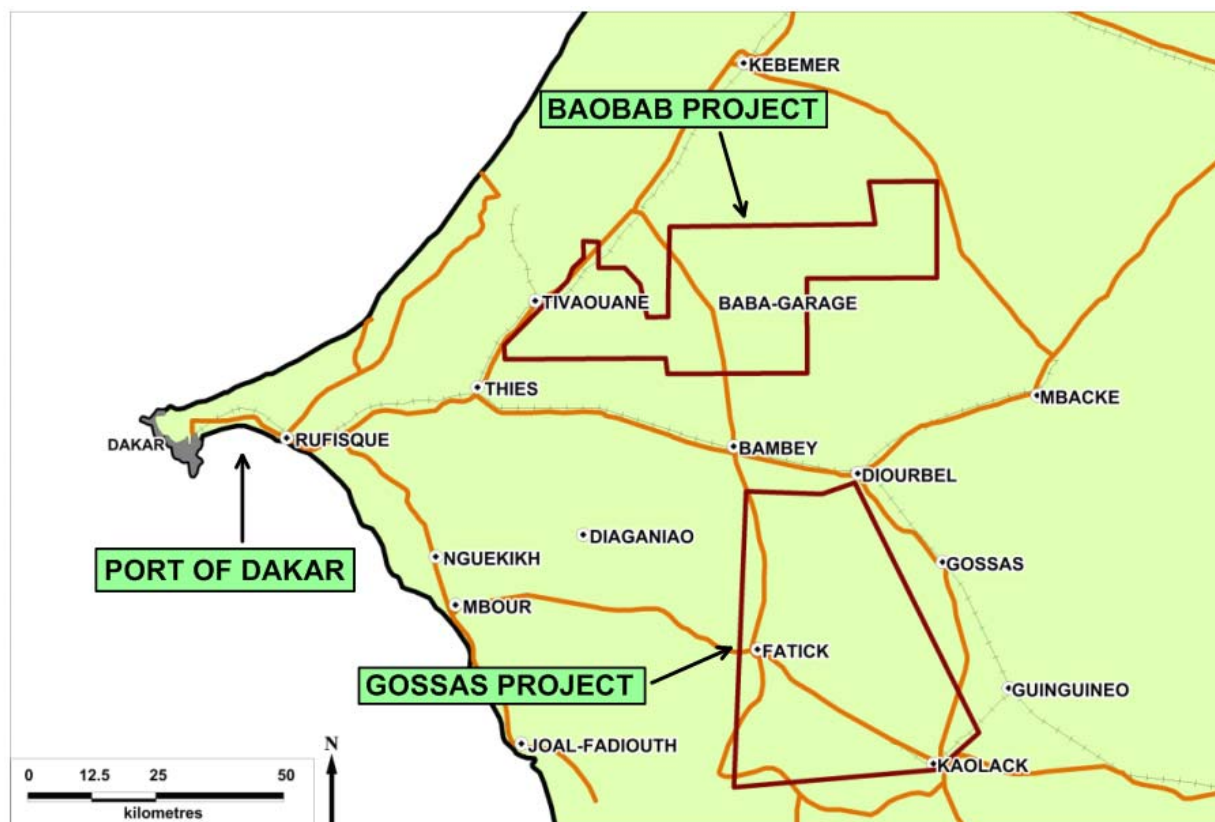


Figure 12: Gossas tenement location

2. JDCPHOSPHATE, INC.

Avenira owns approximately 8.0% of JDC Phosphate, Inc. (JDCP) and has an exclusive licence to utilise the Improved Hard Process (IHP) technology in Australia for an extended period of time. In addition, Avenira has an exclusive licence to utilise the Improved Hard Process (IHP) technology in Senegal for an extended period of time.

Avenira has recently executed two agreements with JDCP that provide for:

- Updated and strengthened Avenira's exclusive IHP license agreements in Australia and Senegal for a prepayment of certain licensing fees.
- Secured convertible loan funding to JDCP to allow further time for the company to achieve its strategic objectives. The convertible loan is interest bearing and has rights to convert into additional JDC equity in certain circumstances. Avenira has an associated right to a seat on JDCP's board.
- The total funding is limited to USD2m and will be drawn down progressively.



Tip Fowler, CEO of JDCP commented *"Since the March, 2016 Quarterly Report JDCP has progressed activities that will add value to its technology and advance its commercialization efforts. In particular, the company clarified its patent application to advance the issuance of its new patent in the 150 State PCT organization. It continues to conduct laboratory scale work that will guide equipment selection as we design a continuous implementation of its proprietary agglomeration methods. The company has received the "permit to construct" the facilities required from the state authorities. JDCP with the support of Macquarie Capital, continues to pursue a capital financing that will continue to fund technology development and ultimate commercialization of the technology at full commercial scale."*

Shareholders are encouraged to view the JDCP website <http://jdcphosphate.com/> ".

3. WONARAH PHOSPHATE PROJECT, NORTHERN TERRITORY

The Company continues to review the holding costs of the Wonarah project until the commercial validation of the IHP technology. A strategy of reducing the exploration tenement area peripheral to ML27244 commenced in the June quarter with the surrender of EL24607. None of the Wonarah JORC Mineral Resource is contained within EL24607.

4. CORPORATE

4.1 BOARD CHANGES

On 30 June 2016, Dr. Christopher Pointon was appointed as independent non-executive director of the Company. Dr. Pointon will also chair the Company's Nomination and Remuneration Committee.

4.2 CASH POSITION

At the end of the June 2016 Quarter, Avenira had cash of \$24.5 million.

Breakdown of cash spend for the June quarter:

Tenement cost and maintenance	(\$0.40m)
Wonarah Project and JDCP	-
Baobab Phosphate Project	(\$6.52m)
Net Admin and Corporate	(\$0.84m)
R & D tax concession refund	\$0.29m

Cliff Lawrenson
Managing Director



Schedule of Avenira Limited Tenements as at 30 June 2016

Location	Tenement Name	Tenement	Nature of Company's Interest
Northern Territory	Arruwurra	EL29840	100%
Northern Territory	Wonarah	EL29841	100%
Northern Territory	Dalmore	EL29849	100%
Northern Territory	West Wonarah	EL23767	100%
Northern Territory	Wonarah Mineral Lease	ML27244	100%
Senegal	Baobab	14626/MIM/DMG	80%
Senegal	Gadde Bissik	09810/MIM/DMG	80%

Compliance Statement

Information in this report relating to Exploration Results or estimates of Mineral Resources or Ore Reserves has been extracted from the reports listed below. The reports are available to be viewed on the company website at: www.avenira.com

Baobab Project:

*27 April 2015: Minemakers to acquire a potential near-term production rock phosphate project in the Republic of Senegal
11 May 2015: Minemakers delivers maiden Inferred Resource for Baobab Rock Phosphate Project in Republic of Senegal
22 September 2015: Baobab project update
7 December 2015: Maiden Indicated Mineral Resource at Baobab Phosphate Project
7 January 2016: Technical Report Mineral Resource Estimation for the Gadde Bissik Phosphate Deposit, Republic of Senegal*

Wonarah Project:

*15 March 2013: Technical Report Mineral Resource Estimation for the Wonarah Phosphate Project, Northern Territory, Australia
30 April 2014: Quarterly activities report*

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this document relative to markets for Avenira 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.