

ASX: AEV ASX ANNOUNCEMENT

28 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Avenira Limited (ASX:AEV)('Avenira' or the 'Company') attaches its Notice of Annual General Meeting, dated 10 October 2016 along with the accompanying explanatory statement and proxy form (Notice) in respect of the Company's Annual General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 30 November 2016 at 10.30am (WST).

The Company advises that since the date of the Notice, the Company has received the ASX inprinciple advice that is referred on page 22 of the Notice.

Cliff Lawrenson

Managing Director



- PO Box 1704 West Perth WA 6872
- **** +61 8 9264 7000
- @ frontdesk@avenira.com

Managing Director and CEO, Avenira Limited

Mr Rod Wheatley

CFO and Company Secretary, Avenira Limited

AVENIRA LIMITED

ABN 48 116 296 541

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

in respect of the

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held at 10:30 AM (WST) on 30 November 2016 at The Celtic Club, 48 Ord Street, West Perth, Western Australia

As at and dated 10 October 2016

The **2016 Annual Report** may be viewed on the Company's website at

www.avenira.com

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Independent Expert has determined that the transaction, the subject of Resolution 10 in this Notice of Meeting, is not fair but reasonable to non-associated Shareholders.

AVENIRA LIMITED ABN 48 116 296 541

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (**Annual General Meeting**) of holders (**Shareholders**) of ordinary shares of Avenira Limited ABN 48 116 296 541 (**Company** or **Avenira**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 30 November 2016 at 10:30 AM (WST) for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

A. ORDINARY BUSINESS

Financial Report – To receive the financial report, Directors' report and auditor's report

To receive and consider the financial report together with the directors' report (including the Remuneration Report) and the auditor's report for the year ended 30 June 2016.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution:**

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (ii) the voter is the Chairperson and the appointment of the Chairperson as proxy:
 - (A) does not specify the way the proxy is to vote on this Resolution; and
 - (B) expressly authorises the Chairperson to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Election of Mr Farouk Chaouni as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 14.4, article 6.3(j) of the Constitution and for all other purposes, Mr Farouk Chaouni, who was appointed as a casual vacancy on 19 November 2015 retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Statement."

Resolution 3 – Election of Mr David Mimran as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 14.4, article 6.3(j) of the Constitution and for all other purposes, Mr David Mimran, who was appointed as a casual vacancy on 2 March 2016 retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Statement."

Resolution 4 – Election of Dr Christopher Pointon as a Director

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 14.4, article 6.3(j) of the Constitution and for all other purposes, Dr Christopher Pointon, who was appointed as a casual vacancy on 30 June 2016 retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Statement."

Resolution 5 - Re-election of Mr Richard Block as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That Mr Richard Block, having retired as a Director in accordance with article 6.3(c) of the Constitution and for all other purposes, being eligible and having offered himself for re-election, be re-elected as a Director on the terms and conditions in the Explanatory Statement."

Resolution 6 – Re-election of Mr Timothy Cotton as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That Mr Timothy Cotton, having retired as a Director in accordance with article 6.3(c) of the Constitution and for all other purposes, being eligible and having offered himself for re-election, be re-elected as a Director on the terms and conditions in the Explanatory Statement."

Resolution 7 – Ratification of Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 1,623,475 Shares to Tablo Corporation on the terms and conditions in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue of Shares and any associate of such a person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 - Ratification of Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 3,795,786 Shares to Mr Papa Macoumba Gaye and Mr Manar Ba on the terms and conditions in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue of Shares and any associate of such a person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 9 – Increase in non-executive Directors' fees

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, pursuant to and in accordance with Listing Rule 10.17, article 6.5(a) of the Constitution and for all other purposes, the maximum aggregate amount of non-executive Directors' fees payable to non-executive Directors be increased by \$250,000 from \$350,000 to \$600,000 for each financial year commencing 1 July 2016."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a Director and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Resolution 10 - Approval of BMCC Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, pursuant to and in accordance with Listing Rules 10.1 and 10.5 and for all other purposes, Shareholders approve the grant of options under the shareholders' agreement dated 31 January 2016 in respect of Baobab Mining Chemicals Corporation SA (**Shareholders' Agreement**) by Baobab Fertilizer Africa (**Baobab**) (a wholly owned subsidiary of the Company) and Mimran Natural Resources SA (**Mimran**) on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert's Report comments on whether the transaction is fair and reasonable to the Shareholders whose votes are not to be disregarded in respect to the transaction. The Independent Expert's Report has concluded that the transaction is not fair but reasonable for Shareholders (other than Mimran and its associates).

Short Explanation: Approval is sought under Listing Rule 10.1 to authorise Baobab to grant and exercise options under Shareholders' Agreement. Please refer to the Explanatory Statement for further details.

Voting Exclusion:

The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 10 by Mimran and any associate of Mimran.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 11 – Approval of Grant of Options to Mr Richard Block

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Richard Block, or his nominees, of 2,500,000 Options with an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, an expiry date of 30 November 2019 and on the terms and conditions outlined in the Explanatory Statement is hereby approved."

Short Explanation: Approval is sought under Listing Rule 10.11 to authorise the Company to issue the securities to Mr Block. Please refer to the Explanatory Statement for further details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion:

The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 11 by Mr Block and any associate of Mr Block.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement:

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Resolution 12 – Approval of Grant of Options to Mr Ian McCubbing

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution:**

"That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Mr Ian McCubbing, or his nominees, of 1,500,000 Options with an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, an expiry date of 30 November 2019 and on the terms and conditions outlined in the Explanatory Statement is hereby approved."

Short Explanation: Approval is sought under Listing Rule 10.11 to authorise the Company to issue the securities to Mr McCubbing. Please refer to the Explanatory Statement for further details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion:

The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 12 by Mr McCubbing and any associate of Mr McCubbing.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement:

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Resolution 13 – Approval of Grant of Options to Dr Christopher Pointon

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the issue to Dr Christopher Pointon, or his nominees, of 1,500,000 Options with an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, an expiry date of 30 November 2019 and on the terms and conditions outlined in the Explanatory Statement is hereby approved."

Short Explanation: Approval is sought under Listing Rule 10.11 to authorise the Company to issue the securities to Dr Pointon. Please refer to the Explanatory Statement for further details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion:

The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 13 by Dr Pointon and any associate of Dr Christopher Pointon.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement:

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of Key Management Personnel.

Resolution 14 – Approval of the grant of Director Performance Rights to Mr Mark Clifford Lawrenson

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes the grant of 1,833,333 performance rights (**Director Performance Rights**) for nil consideration to Mr Mark Clifford Lawrenson on the terms and conditions in the Explanatory Statement is hereby approved."

Short Explanation: Approval is sought under Listing Rule 10.11 to authorise the Company to issue the securities to Mr Lawrenson. Please refer to the Explanatory Statement for further details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion:

The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 14 by Mr Lawrenson and any associate of Mr Lawrenson.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting prohibition statement:

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

Resolution 15 – Approval of additional 10% share issue capacity

To consider, and if thought fit, to pass with or without amendment the following as a **Special Resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula set out in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 15 by:

- (a) a person (and any associates of such a person) who may participate in the proposed issue; and
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important Note: At the date of this Notice, the proposed allottees of the securities are not as yet known or identified. For a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

By order of the Board

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Cliff Lawrenson Managing Director

Dated: 10 October 2016

NOTES

Voting entitlement

In accordance with regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the persons eligible to vote at the Meeting will be the registered holders at 4:00pm (WST) on 28 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

You may vote by attending the Annual General Meeting in person, by proxy or attorney, or by an authorised representative (if you are a body corporate).

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

Proxies

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A Proxy Form is enclosed with this Notice of Annual General Meeting.

A Shareholder that is entitled to cast two or more votes at the Annual General Meeting may appoint not more than two proxies to attend and act for the Shareholder at the Meeting and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of those votes.

A Shareholder can direct its proxy to vote for, against or abstain from voting on each Resolution by marking the appropriate box in the voting directions section of the Proxy Form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairperson of the Meeting, who must vote the proxies as directed.

The Chairperson intends to vote all undirected proxies in favour of all Resolutions.

If you appoint the Chairperson as your proxy (whether intentionally or by default) you can direct the Chairperson of the meeting to vote for, against or abstain from voting on the Resolutions by marking the appropriate box on the Proxy Form, under the heading 'Voting on Business of the Annual General Meeting'.

An appointment of a proxy or power of attorney is not effective for the Meeting unless:

- (a) in the case of a proxy, the Proxy Form and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
- (b) in the case of an attorney, the power of attorney or a certified copy of it, is received by the Company by one of the following means of delivery, in respect of Shareholders registered on the Company's Australian share register, prior to 10:30 AM WST on 28 November 2016 by:
 - (i) facsimile, to Computershare Investor Services Pty Ltd at 1 800 783 447 (International: +61 3 9473 2555);
 - (ii) delivery, to Computershare Investor Services Pty Ltd at Level 11, 172 St George's Terrace, Perth, Western Australia 6000;
 - (iii) mail, to Computershare Investor Services Pty Ltd at GPO Box 242, Melbourne, Victoria, 3001;
 - (iv) electronically, submit proxy voting instructions online at www.investorvote.com.au. Please refer to the enclosed Voting Form for more information about submitting proxy voting instructions online; or
 - (v) for intermediary online subscribers only (custodians) www.intermediaryonline.com

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

Important information concerning proxy votes

Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Chairperson as their proxy (including an appointment by default) are encouraged to direct the Chairperson as to how to vote on all Resolutions.

The Corporations Act places certain restrictions on the ability of Key Management Personnel and their Closely Related Parties to vote on the advisory resolution to adopt the Company's Remuneration Report and Resolutions connected directly or indirectly with the remuneration of the Company's Key Management Personnel. Key Management Personnel are Directors and all other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Key Management Personnel for the financial year ended 30 June 2016. "Closely related party" is defined in the Corporations Act and includes certain family members, dependants and companies controlled by Key Management Personnel.

Voting Prohibition by Proxy holders - Resolutions 1 and 9

A vote on Resolutions 1 and 9 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on Resolutions 1 and 9; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolutions 1 and 9, but expressly authorises the Chairperson to exercise the proxy even if Resolutions 1 and 9 are connected with the remuneration of a member of the Key Management Personnel.

Voting Prohibition by proxy holders – Resolutions 11 to 14

A vote on Resolutions 11 to 14 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Corporate Representative

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the Annual General Meeting in accordance with section 250D of the Corporations Act.

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with:

- (a) a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative; or
- (b) a copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or director of the corporate Shareholder.

A Certificate of Appointment of Corporate Representative form is available from the Company on request.

GLOSSARY

Capitalised terms in this Notice of Annual General Meeting and in the Explanatory Statement have the following meanings:

Annual General Meeting or

Meeting

The annual general meeting of Shareholders convened by this Notice of

Annual General Meeting.

ASX Limited and, where applicable, the Australian Securities Exchange

operated by ASX Limited.

Avenira or **Company** Avenira Limited ABN 48 116 296 541.

Board The board of Directors of the Company.

Chairperson The person appointed to chair the Meeting, or any part of the Meeting,

convened by the Notice.

Closely Related Party (a) a spouse or child of the member; or

(b) has the meaning given in section 9 of the Corporations Act.

Company's TSRThe total shareholder return of the Company over the relevant

performance period calculated as follows:

 $\left(\frac{End\ Date\ Share\ Price - Start\ Date\ Share\ Price}{+\ Gross\ Dividends \over Start\ Date\ Share\ Price}\right)\times 100$

Company VWAP The VWAP of Shares on issue during, and calculated over, the thirty

trading days immediately prior to, and ending on, the applicable date.

Constitution The Company's constitution.

Corporations Act Corporations Act 2001 (*Cth*).

Director A director of the Company.

Director Performance Rights Has the meaning given in Resolution 14.

End Date Share Price The Company VWAP for the period ending on final day of the relevant

performance period.

Explanatory Statement The explanatory statement and management information circular

accompanying this Notice of Meeting.

Gross DividendsThe aggregate amount of dividends per Share declared and paid during

the relevant performance period.

Gross Salary The fixed base gross annual salary excluding, for the avoidance of

doubt, annual superannuation entitlement and any other monetary

entitlements.

Independent Expert's Report BDO Corporate Finance (WA) Pty Ltd's report, as provided in

Annexure C.

Key Management Personnel Persons having authority and responsibility for planning, directing

and controlling the activities of the Company, directly or indirectly,

including any Director (whether executive or otherwise) of

the Company.

Listing Rules The listing rules of the ASX.

Managing Director The managing director of the Company.

Notice or **Notice** of **Meeting** The notice of meeting relating to the Annual General Meeting of

Shareholders to be held at 10:30~AM~(WST) on 30~November~2016 at

The Celtic Club, 48 Ord Street, West Perth, Western Australia.

Option An option to acquire a Share.

Ordinary Resolution A resolution passed by a simple majority of Shareholders on a show of

hands or by a simple majority of votes given on a poll.

Proxy Form The proxy form accompanying this Notice of Meeting.

Resolutions The resolutions set out in this Notice of Meeting, or any of them as the

context requires.

Special Resolution A resolution passed by at least 75% of Shareholders on a show of hands

or by 75% of votes given on a poll.

Share A fully paid ordinary share in the capital of the Company.

Shareholder The holder of a Share.

Start Date Share Price The Company VWAP for the period ending on first day of the relevant

performance period.

VWAP Has the meaning given to the term 'volume weighted average market

price' in the Listing Rules.

WST Australian Western Standard Time.

AVENIRA LIMITED ABN 48 116 296 541

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared in connection with the business to be conducted at the Company's Annual General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 30 November 2016 at 10:30 AM (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Directors and believed to be material to Shareholders in deciding whether or not to approve the Resolutions in the Notice of Meeting. This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Meeting.

Words which are defined in the Notice of Meeting have the same meaning when used in this Explanatory Statement unless the context requires otherwise.

Financial Report - To receive the financial report, Directors' report and auditor's report

The Corporations Act requires that the Financial Report, Directors' Report and the Auditor's Report be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on these reports.

As a Shareholder, you are entitled to submit a written question to the auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's Report; or
- the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than 5 business days before the Meeting.

All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor.

The Company's auditor will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

Resolution 1 – Adoption of Remuneration Report

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report sets out the company's remuneration arrangements for the directors and senior management of the company. The Remuneration Report is part of the directors' report contained in the annual financial report of the company for a financial year.

Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a Remuneration Report resolution are voted against adoption of the Remuneration Report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting, those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Resolution 1 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Election of Mr Farouk Chaouni as a Director

On 19 November 2015, Mr Farouk Chaouni was appointed as a Director.

Mr Chaouni was appointed pursuant to article 6.2(b) of the Constitution, which allows the Directors to appoint a person to fill a casual vacancy at any time. Any Director so appointed holds office until the next annual general meeting of the Company and is eligible for election at that meeting.

In addition, in accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Pursuant to article 6.3(j) of the Constitution, Mr Chaouni retires and offers himself for election as a Director.

Mr Chaouni is a principal and the Chairman of the Agrifos Group. From 1987 to 1993, Mr Chaouni was involved in numerous transactions in the U.S. phosphate fertilizer industry including the acquisition of the fertilizer assets of W.R. Grace (Seminole Fertilizer), the acquisition of the Wingate Creek Mine, and the recommissioning of the Mississippi Chemical Pascagoula phosphate fertilizer plant. Mr Chaouni served as the Chairman of Seminole Fertilizer until its sale to Tosco in 1989.

In 1998, Mr Chaouni was instrumental in Agrifos' acquisition of ExxonMobil's Pasadena phosphate fertilizer plant, which was converted to an ammonium sulfate plant in 2011 and sold to Rentech Nitrogen Partners in 2012. Prior to launching his entrepreneurial activities in the U.S., Mr. Chaouni was the Commercial Director of Office Chérifien des Phosphates (OCP), the large Moroccan phosphate company, where he was responsible for worldwide phosphate rock and fertilizer sales and raw material purchases.

Mr Chaouni indirectly holds the following relevant interest in securities of the Company as at the date of this Notice:

	Number
Shares	154,000,000
Unlisted Options	94,000,000
Contingent share rights	40,000,000

Resolution 2 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Directors (other than Mr Chaouni, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Election of Mr David Mimran as a Director

On 2 March 2016, Mr David Mimran was appointed as a Director.

Mr Mimran was appointed pursuant to article 6.2(b) of the Constitution, which allows the Directors to appoint a person to fill a casual vacancy at any time. Any Director so appointed holds office until the next annual general meeting of members of the Company and is eligible for election at that meeting.

In addition, in accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Pursuant to article 6.3(j) of the Constitution, Mr Mimran retires and offers himself for election as a Director.

Mr Mimran brings tremendous knowledge and experience in operating within West Africa. He is a non-executive director of TSX/ASX listed Teranga Gold Corporation, CEO of Grands Moulins d'Abidjan and Grands Moulins de Dakar, one of the largest producers of flour and agri-food in West Africa.

Mr Mimran is head of Tablo Corporation, Miminvest SA, and Mimran Natural Resources, all established as investment vehicles into West Africa's natural resource sector by Mr Mimran and the Mimran Group, a family conglomerate with a history of successful business operations in Africa and Europe.

Previous roles included vice chairman and founding partner of Breeden Partners, L.P. from 2006 to 2012, an actively managed investment fund focused on value generation in U.S. public companies, and Vice Chairman of Milestone Merchant Partners, a Washington-based investment bank from 2003 to 2005. Prior to 2003, Mr Mimran served as the President of several food processing, grain and shipping companies across Europe and West Africa. He has served as a director and principal to the Bank of West Africa (CBAO), one of the largest banking groups in the region, as well as Archer Daniels Midland Company.

Mr Mimran is currently a director of the Mimran Group, and on the Board of Trustees for Mount Sinai Hospital in New York City. Mr Mimran currently acts as Special Advisor to the government of the Republic of Cote D'Ivoire where he has led negotiations with the International Monetary Fund, the World Bank, the European Union, and the Government of the Republic of France.

Mr Mimran indirectly holds the following relevant interest in securities of the Company as at the date of this Notice:

	Number
Shares	104,750,000
Unlisted Options	Nil

Resolution 3 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Directors (other than Mr Mimran, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 – Election of Dr Christopher Pointon as a Director

On 30 June 2016, Dr Christopher Pointon was appointed as a Director.

Dr Pointon was appointed pursuant to article 6.2(b) of the Constitution, which allows the Directors to appoint a person to fill a casual vacancy at any time. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for election at that meeting.

In addition, in accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Pursuant to article 6.3(j) of the Constitution, Dr Pointon retires and offers himself for election as a Director.

Dr Pointon is a United Kingdom based mining executive with deep public company board and operational management experience.

Dr Pointon trained as a geologist and has over 35 years' experience in the resources business, initially with Rio Tinto and subsequently with Royal Dutch/Shell, Gencor, Billiton and BHP Billiton where he was a member of the Executive Committee from 2001 to 2006. He has since served on the boards of a number of public and private companies.

Dr Pointon's experience includes exploration, operations management, mergers, acquisitions, post-transaction integration and change management. He has led acquisition and aggressive growth initiatives as well as major turn-arounds and divestments and he has operated in Australia, Africa, Asia, South America and Europe.

Dr Pointon does not hold a relevant interest in securities of the Company as at the date of this Notice:

	Number
Shares	Nil
Unlisted Options	Nil

Resolution 3 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

The Directors (other than Dr Pointon, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 4.

Resolution 5 - Re-Election of Mr Richard Block as a Director

In accordance with article 6.3(c) of the Constitution, one third of the Directors (rounded down to the nearest whole number) must retire at each annual general meeting of the Company. Mr Richard Block retires in accordance with article 6.3(c) of the Constitution and, being eligible, has offered himself for re-election as a Director pursuant to article 6.3(f) of the Constitution.

Mr Block is a US based mining and processing industry executive with almost four decades of experience in the fertilizer and base and precious metals businesses. The majority of his career was spent with the Freeport-McMoRan group of companies, where he rose to Executive Vice President and COO of Freeport-McMoRan Inc. and Senior Vice President of Freeport-McMoRan Copper & Gold Inc. In addition, he was President of two of the world's largest phosphate mining and fertilizer producing firms, Agrico Chemical Company and IMC-Agrico Company. Further, he was deeply involved in the Queensland Nickel JV in Australia in the 1980's.

Mr Block has been a senior executive or member of the board of directors of six NYSE and TSX listed firms, including Amax Gold Inc. and Kinross Gold Corporation. Also, he has been a member of the Board of a number of trade, nonprofit and charitable organisations, including the International Fertilizer Industry Association, The Fertilizer Institute, the Phosphate Chemicals Export Association (PhosChem), The Sulphur Institute, United Way of the North Shore and Illinois Public High School District 115.

Mr Block has served as a Director since March 2012.

Further details in relation to Mr Block's background and experience are set out in the Annual Report. The Board considers Mr Block to be an independent Director.

Resolution 5 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

The Directors (other than Mr Block, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of the election of Mr Block.

Resolution 6 - Re-Election of Mr Timothy Cotton as a Director

In accordance with article 6.3(c) of the Constitution, one third of the Directors (rounded down to the nearest whole number) must retire at each annual general meeting of the Company. Mr Timothy Cotton retires in accordance with article 6.3(c) of the Constitution and, being eligible, has offered himself for re-election as a Director pursuant to article 6.3(f) of the Constitution.

Mr Cotton has over two decades of experience in the phosphate mining and fertilizer sector, with a strong focus on business and project development, strategic transactions, M&A and finance. Mr Cotton is Vice Chairperson and a principal in the Agrifos Group of companies, which include Agrifos Partners LLC, Baobab Partners LLC and Vulcan Phosphates LLC. The Agrifos Group is a significant shareholder in Avenira and in JDCPhosphate, Inc. Mr Cotton began his career in the merchant banking department of Kidder, Peabody & Co., later becoming a vice president at Lepercq, de Neuflize & Co., a New York-based investment bank. Mr Cotton formed the Agrifos Group with his partner, Mr Farouk Chaouni, in 1993.

In addition to his role in the Agrifos Group, Mr Cotton is a director of Zalagh Holding S.A., an integrated poultry company, and MedInstill LLC, a medical device company.

Further details in relation to Mr Cotton's background and experience are set out in the Annual Report. The Board considers Mr Cotton not to be an independent Director.

Resolution 6 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

The Directors (other than Mr Cotton, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of the election of Mr Cotton.

Resolution 7 – Ratification of Issue of Shares

General

On 2 March 2016 the Company issued 104,750,000 Shares at \$0.1172 per Share to Tablo Corporation in accordance with a subscription agreement dated 31 January 2016. On 14 December 2015, Shareholders approved the issue of 103,126,525 Shares to Tablo Corporation and, in order to complete the transaction, the Company issued a further 1,623,475 Shares in accordance with Listing Rule 7.1 and now seeks, pursuant to Resolution 7 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 7 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 1,623,475 Shares were allotted and issued by the Company.
- (b) The issue price per Share was \$0.1172.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted to Tablo Corporation, who is not a related party of the Company.
- (e) The funds raised from the issue of Shares were applied as follows:
 - a. towards development of the of the Baobab Phosphate Project within the parameters of a small mine permit;
 - b. for exploration and development of the Baobab Phosphate Project beyond the parameters of small mine permit; and
 - c. as general working capital.
- (f) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 8 - Ratification of Issue of Shares

General

On 10 December 2015 the Company issued a total of 3,795,786 Shares at a deemed issued price of \$0.11 per Share. 1,897,893 Shares were issued to Mr Papa Macoumba Gaye and 1,897,893 Shares were issued to Mr Manar Ba as consideration for cancellation of options issued in the capital of Baobab Mining and Chemicals Corporation, SA (a subsidiary of the Company) (**BMCC**) held by members of the BMCC management team pursuant to a stock option plan. The Shares were issued in accordance with Listing Rule 7.1 and now seeks, pursuant to Resolution 8 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 8 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 8.

Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 3,795,786 Shares were allotted and issued by the Company.
- (b) The deemed issue price per Share was \$0.11.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted to Mr Papa Macoumba Gaye and Mr Manar Ba, who are not related parties of the Company.
- (e) No funds were raised from the issue of Shares.
- (f) A voting exclusion statement is included in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 9 – Increase in non-executive Directors' fees

Resolution 9 seeks shareholder approval to increase the aggregate amount of fees payable to non-executive Directors in each financial year from 1 July 2016 to \$600,000 (an increase in the maximum aggregate capacity of \$250,000 per annum) so as to provide the Board with flexibility to appoint further non-executive independent Directors to enhance the capability of the Board to deal with the various interests of the Company now and in the future.

Listing Rule 10.17 and the Constitution provide that the maximum aggregate amount of remuneration payable as Directors' fees to non-executive Directors is to be determined by shareholders in a general meeting.

At present, the maximum aggregate amount of remuneration payable as Directors' fees to non-executive Directors is capped at \$350,000 per annum. This maximum capacity has not been increased since 29 November 2012.

The Directors do not intend utilising the entire maximum sum of \$600,000 in the first instance. By having an increase in the maximum amount that can be paid to Directors, the Directors have the flexibility to seek new independent non-executive Directors to the Board as and when appropriate. The increase should be seen in light of the possibility there may in the future be an increase in the number of Directors and provides flexibility to attract and remunerate any additional suitable Board candidates.

The remuneration currently provided to each non-executive Director for the financial year ended 30 June 2016 is detailed in the Remuneration Report (being the subject of Resolution 1).

The following table sets out details of securities issued to non-executive directors of the Company with Shareholder approval under Listing Rules 10.11 or 10.14 in the preceding 3 years. This information is required to be included in this Notice by Listing Rule 10.17:

Non-executive Director	Number of securities issued	Type of securities
Mr Richard O'Shannassy	1,500,000	Options
Mr Ian McCubbing	1,500,000	Options
Mr Richard Block	2,500,000	Options

The Directors abstain from making a recommendation in relation to this Resolution and are excluded from voting on it.

If you intend to appoint a member of the Key Management Personnel (including any Director or the chairman of the Meeting) or their closely related parties as your proxy, please refer to the important information contained in the Notice of Meeting under the heading "Important information concerning proxy votes on Resolutions 1 and 9.

The chairman of the Meeting intends to exercise all undirected proxies in favour of Resolution 9. If the chairman of the Meeting is appointed as your proxy and you have not specified the way the chairman is to vote on Resolution 9, by signing and returning the Proxy Form, the Shareholder is considered to have provided the chairman with an express authorisation for the Chairman to vote the proxy in accordance with the chairman's intention.

Resolution 10 – Approval of BMCC Options

Background

On 31 January 2016, the Company, Baobab (a wholly owned subsidiary of the Company), Compagnie Sucriere Senegalaise and Mimran entered into the Shareholders' Agreement.

At the time of executing the Shareholders' Agreement, Mimran and its associates had no voting power in the Company. At the date of the Notice, Mimran and its associates have voting power in the Company of 19.88%, and have therefore become substantial holders in the Company for the purposes of the Listing Rules.

At the date of the Notice, Baobab and Mimran are the only shareholders of Baobab Mining Chemicals Corporation SA (BMCC), holding 80% and 20% respectively of the BMCC shares.

The Shareholders' Agreement provides the following options for Baobab to acquire or dispose of its BMCC shares to or from Mimran:

- (a) pre-emptive rights for Mimran or Baobab to acquire BMCC shares in the event that the other shareholder proposes to sell BMCC shares to a third party (that is not a party to the Shareholders' Agreement) (**Pre-Emptive Rights**);
- (b) the call option for Mimran to acquire Baobab's BMCC shares in the event the Company breaches certain clause of the Shareholders' Agreement (relating to the transfer by the Company of shares in Baobab other than to a wholly owned Company subsidiary) (**Mimran Call Option**);
- (c) the put option for Mimran to require Baobab to acquire Mimran's BMCC shares in the event of a change of control of the Company (**Mimran Put Option**); and
- (d) the call option for Baobab to require Mimran to dispose of its BMCC shares to Baobab in the event of a change of control of the Company (**Baobab Call Option**), (collectively, the **BMCC Options**).

The Shareholders' Agreement also permits the transfer of BMCC shares between two parties to the Shareholders' Agreement, subject to the pre-emptive rights of other shareholders. A transfer and any exercise of pre-emptive rights in these circumstances would need to comply with Chapter 10 of the Listing Rules. The pre-emptive rights in these circumstances would only be relevant in the event there are more than two shareholders of BMCC.

The consideration payable in respect of the exercise of the BMCC Options is as follows:

- (a) in the case of the Pre-Emptive Rights, the cash price specified by the third party which gives rise to the exercise of the Pre-Emptive Rights. If the third party offer is not cash or is part of a wider transaction, and the shareholders of BMCC cannot agree the value of the consideration offered by the third party, the consideration payable shall be determined by an independent expert's assessment of the value of the consideration offered by the third party;
- (b) in the case of the Mimran Call Option, the price agreed by the BMCC shareholders or, if they cannot agree, at a 20% discount to the value of the shares determined by an independent expert; and
- (c) in the case of both the Mimran Put Option and the Baobab Call Option, the price determined by the Company's auditors as being the value of the shares or, if the BMCC shareholders do not agree with the price determined by the Company's auditors, the price determined by an independent expert, based on the independent expert's valuation of the shares.

If Shareholder approval is not obtained for Resolution 10, the following actions will be special reserved matters, being subject to the sole authority of the BMCC board and requiring the consent of a majority of the directors including consent of the two Mimran appointed directors:

- (a) the incurrence of indebtedness of more than \$500,000 by BMCC;
- (b) amendment to such indebtedness;
- (c) the creation of any encumbrances related to such indebtedness; or
- (d) the creation of any encumbrances on the on the assets of BMCC or any subsidiary unless created in connection with such indebtedness.

Resolution 10 is an ordinary resolution.

The chairman intends to exercise all available proxies in favour of Resolution 10.

The Directors recommend that Shareholders vote in favour of Resolution 10.

A voting exclusion statement is included in the Notice.

Listing Rules 10.1 and 10.5

Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, disposes of a substantial asset to a substantial holder in the Company without Shareholder approval.

At the date of this Notice, Mimran and its associates have voting power in the Company of 19.88%, and Mimran is therefore a substantial holder of the Company for the purposes of the Listing Rule 10.1.

The total value of Baobab's BMCC interest as at the date of this Notice is \$36.3 million. This value exceeds 5% of the Company's equity interests. At the date of this Notice, Baobab's BMCC shares therefore constitute a substantial asset of the Company for the purposes of Listing Rule 10.1.

Listing Rule 10.4 provides that for the purposes of calculating whether the assets being acquired or disposed of by the grant or exercise of an option are "substantial assets" for the purposes of Listing Rule 10.1, the consideration is the total of the issue price of the option and its exercise price.

There was no consideration payable for the issue of the BMCC Options and accordingly the exercise price will be determinative of whether the assets being acquired or disposed of are "*substantial assets*" for the purposes of Listing Rule 10.1.

The terms of the Shareholders' Agreement do not provide a fixed price or a formula which enables the determination of the price for the asset being acquired.

The maximum amount of BMCC shares that can be disposed of by any one exercise of each of the BMCC Options is as follows:

- (a) Pre-emptive Rights: all of Baobab's BMCC shares or all of Mimran's BMCC shares;
- (b) Mimran Call Option: all of Baobab's BMCC shares;
- (c) Baobab Put Option: all of Mimran's BMCC shares; and
- (d) Baobab Call Option: all of Mimran's BMCC shares.

Further, the parties' BMCC shareholdings may change over time. The precise numbers of BMCC shares that will be disposed by the exercise of the BMCC Options therefore cannot be known ahead of time.

Due to the fact that the number of BMCC shares that will be disposed of is unknown, and there is no fixed or objective formula for calculating the purchase price, it is not possible to calculate the precise consideration payable for the assets ahead of the time that the BMCC Options are exercised.

As at the time when the BMCC Options are exercised, the exercise price each of the BMCC Options may exceed 5% of the Company's equity interests, the Board has determined that this is a matter of Shareholder approval.

Listing Rule 10.5 provides that an entity must obtain Shareholder approval before an option is issued or that the issue is subject to that approval.

For the purposes of Listing Rule 10.5, each BMCC Option is an option requiring Shareholder approval.

Following discussions with ASX, the Company understands that the likely effect of passing Resolution 10 will be to allow each of Baobab and Mimran to exercise the BMCC Options without the Company obtaining further Shareholder approval in the following circumstances:

- (a) in respect of the Pre-Emptive Rights, where the proposed transfer is a bona fide, arm's length offer from a third party who is not a party to the Shareholders' Agreement or a related party (or affiliate of a party to the Shareholders Agreement); and
- (b) in respect of the Mimran Call Option, Mimran Put Option and Baobab Call Option, where the consideration payable in respect of the exercise of the Options by Baobab or Mimran is based on an independent expert's valuation of the shares.

The Company has sought in-principle advice from ASX on the likely effect of the passing of Resolution 10. At the date of this Notice ASX is yet to provide this in-principle advice.

Independent Expert's Report

As required by Listing Rule 10.1, the Director commission BDO Corporate Finance (WA) Pty Ltd, to prepare a report on the transaction to ascertain whether it is fair and reasonable to Shareholders (other than Mimran and its associates).

The Independent Expert's Report has concluded that the transaction is not fair but reasonable for Shareholders (other than Mimran and its associates).

Annexure C contains a complete copy of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report in full.

BDO Corporate Finance (WA) Pty Ltd has given, and has not withdrawn, its consent to the inclusion of its report in the Notice in the form and context in which it appears.

Resolution 11 – Approval of Grant of Options to Mr Richard Block

The Company proposes to grant 2,500,000 Options to Mr Richard Block, or his nominees, for nil consideration at an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is \$0.3217. On that basis, in the event all the Options are exercised, Mr Block (or his nominees) will need to pay a total of \$804,250 to the Company.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 11 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolution would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolution 11 will be granted to Mr Block, or his nominees, within one month of the passing of this Resolution. Mr Block is a Director and is therefore classified as a related party.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefit is the grant of 2,500,000 Options to Mr Block, or his nominees, for no issue price. Each Option will allow Mr Block to subscribe for one Share. The Options have an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The Options form part of Mr Block's incentive for continuing and future efforts. The issue of Options to Mr Block is subject to Resolution 11 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being a development company transitioning into a production mining company with cash preservation a priority. If Mr Block is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Block to achieve this increase in the Share price, which would result in an increase in Shareholder value.

Directors' recommendation

All Directors except Mr Block recommend Shareholders vote in favour of Resolution 11. Mr Block does not wish to make a recommendation about the proposed Resolution 11 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Interests of Directors

Mr Block has noted his interest in the approval of Resolution 11 in relation to the Options.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 2,500,000 Options to Mr Block, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Block, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Richard Block	Director	2,500,000	\$0.3217	30 November 2019	At date of allotment	\$237,250 (1)

Option Valuation details

Details	Input
Share price	\$0.2000
Exercise Price	\$0.3217
Risk Free Rate	1.6%
Volatility (Annualised)	90.89%
Start Date	30 November 2016
Expiry Date	30 November 2019
Value per Option	\$0.0949 (1)

(e) As at the date of this Notice, the issued capital of the Company comprised 526,826,468 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options and Performance Rights on issue have been exercised and vested, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares, Options and Performance Rights	703,201,468
Options to be granted	2,500,000
New Total	705,701,468
Dilutionary effect	0.36%

(f) Mr Block's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding*
Richard Block	500,000	2,500,000

^{*2,500,000} Options expire 20 November 2016.

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since October 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 8.5 cents to 26 cents, the most recent closing price prior to the date of this Notice was 21.5 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Block currently receives a director fee of USD \$80,000 per annum.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Block or his nominees pursuant to Resolution 11.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Block (or his nominees).
- (b) The maximum number of Options to be issued to Mr Block (or his nominees) is 2,500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price \$0.3217 and will expire on 30 November 2019.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

Resolution 12 - Approval of Grant of Options to Mr Ian McCubbing

The Company proposes to grant 1,500,000 Options to Mr Ian McCubbing, or his nominees, for nil consideration at an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is \$0.3217. On that basis, in the event all the Options are exercised, Mr McCubbing (or his nominees) will need to pay a total of \$482,550 to the Company.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 12 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolution would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolution 12 will be granted to Mr McCubbing, or his nominees, within one month of the passing of this Resolution. Mr McCubbing is a Director and is therefore classified as a related party.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefit is the grant of 1,500,000 Options to Mr McCubbing, or his nominees, for no issue price. Each Option will allow Mr McCubbing to subscribe for one Share. The Options have an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The Options form part of Mr McCubbings's incentive for continuing and future efforts. The issue of Options to Mr McCubbing is subject to Resolution 12 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being a development company transitioning into a production mining company with cash preservation a priority. If Mr McCubbing is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr McCubbing to achieve this increase in the Share price, which would result in an increase in Shareholder value.

Directors' recommendation

All directors except Mr McCubbing recommend Shareholders vote in favour of Resolution 12. Mr McCubbing does not wish to make a recommendation about the proposed Resolution 12 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Interests of Directors

Mr McCubbing has noted his interest in the approval of Resolution 12 in relation to the Options.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 1,500,000 Options to Mr McCubbing, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr McCubbing, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Ian McCubbing	Director	1,500,000	\$0.3217	30 November 2019	At date of allotment	\$142,350 (1)

Option Valuation details

Details	Input
Share price	\$0.2000
Exercise Price	\$0.3217
Risk Free Rate	1.6%
Volatility (Annualised)	90.89%
Start Date	30 November 2016
Expiry Date	30 November 2019
Value per Option	\$0.0949 (1)

(e) As at the date of this Notice, the issued capital of the Company comprised 526,826,468 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options and Performance Rights on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares, Options and Performance Rights	703,201,468
Options to be granted	1,500,000
New Total	704,701,468
Dilutionary effect	0.21%

(f) Mr McCubbing's current interests in securities of the Company are set out in the table below:

Director Shareholding		Option holding*
Ian McCubbing	400,000	1,500,000

^{*1,500,000} Options expire 20 November 2016.

- (g) The market price of the Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, Shares may be trading at a price which is higher than the exercise price of the Options.
- (i) Mr McCubbing currently receives director fees of \$60,000 per annum.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr McCubbing or his nominees pursuant to Resolution 12.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr McCubbing (or his nominees).
- (b) The maximum number of Options to be issued to Mr McCubbing (or his nominees) is 1,500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of \$0.3217 and will expire on 30 November 2019.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

Resolution 13 – Approval of Grant of Options to Dr Christopher Pointon

The Company proposes to grant 1,500,000 Options to Dr Christopher Pointon, or his nominees, for nil consideration at an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The full terms of the Options are set out in Annexure A to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price will be \$0.3217. On that basis, in the event all the Options are exercised, Dr Pointon (or his nominees) will need to pay a total of \$482,550 to the Company.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 13 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolution would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolution 13 will be granted to Dr Pointon, or his nominees, within one month of the passing of this Resolution. Dr Pointon is a Director of the Company and is therefore classified as a related party.

The nature of, reasons for and basis for the financial benefit

The proposed financial benefit is the grant of 1,500,000 options to Dr Pointon, or his nominees, for no issue price. Each Option will allow Dr Pointon to subscribe for one Share. The Options have an exercise price of \$0.3217, being 143% of the Company VWAP for the period ending on 30 September 2016, and will expire on 30 November 2019.

The Options form part of Dr Pointon's incentive for continuing and future efforts. The issue of Options to Dr Pointon is subject to Resolution 13 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, a development company transitioning into a production mining company with cash preservation a priority. If Dr Pointon is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Dr Pointon to achieve this increase in the Share price, which would result in an increase in Shareholder value.

Directors' recommendation

All Directors except Dr Pointon recommend Shareholders vote in favour of Resolution 13. Dr Pointon does not wish to make a recommendation about the proposed Resolution 13 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Interests of Directors

Dr Pointon has noted his interest in the approval of Resolution 13 in relation to the Options.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 1,500,000 Options to Dr Pointon, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Dr Pointon, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Dr Christopher Pointon	Director	1,500,000	\$0.3217	30 November 2019	At date of allotment	\$142,350(1)

Option Valuation details

Details	Input	
Share price	\$0.2000	
Exercise Price	\$0.3217	
Risk Free Rate	1.60%	
Volatility (Annualised)	90.89%	
Start Date	30 November 2016	
Expiry Date	30 November 2019	
Value per Option	\$0.0949 (1)	

(e) As at the date of this Notice, the issued capital of the Company comprised 526,826,468 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options	
Shares, Options and Performance Rights	703,201,468	
Options to be granted	1,500,000	
New Total	704,701,468	
Dilutionary effect	0.21%	

(f) Dr Pointon's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Christopher Pointon	Nil	Nil

- (a) The market price of the Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.
- (b) The Options will not be quoted on ASX and as such have no actual market value. The Shares have been traded on ASX since October 2006. In the twelve months prior to the date of this notice the Shares have traded in the range of 8.5 cents to 26 cents, the most recent closing price prior to the date of this Notice was 21.5 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (c) Dr Pointon currently receives director fees of \$60,000 per annum.
- (d) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Dr Pointon or his nominees pursuant to Resolution 13.
- (e) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Dr Pointon (or his nominees).
- (b) The maximum number of Options to be issued to Dr Pointon (or his nominees) is 1,500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of \$0.3217 and will expire on 30 November 2019.
- (e) The Options will be issued on the terms and conditions outlined in Annexure A.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

Resolution 14 – Approval of the grant of Director Performance Rights to Mr Mark Clifford Lawrenson Background

The Board considers that the grant of Director Performance Rights to Mr Lawrenson, the Managing Director and chief executive officer of the Company, would be a cost effective and efficient reward for the Company to make to appropriately incentivise his continued performance. The provision of incentives which do not require any cash outlay is consistent with the strategic goals and targets of the Company.

It is the intention of the Board that the Director Performance Rights will be subject to milestone dates and expiry dates (see Table 1 below).

The Company proposes to issue Director Performance Rights to Mr Lawrenson in order to:

- (a) link a portion of Mr Lawrenson's remuneration with the strategic goals and performance of the Company;
- (b) align Mr Lawrenson's financial interests with those of the Shareholders;
- (c) provide incentives for Mr Lawrenson to participate on superior performance that creates Shareholder value; and
- (d) provide Mr Lawrenson with an incentive which is a hybrid of a traditional long term incentive reward (generally providing an ownership interest in the company following the achievement of predetermined performance milestones over a number of years) and a short term bonus incentive (usually paid annually in cash on the achievement of key performance indicators).

The Company proposes to grant 1,833,333 Director Performance Rights, in four distinct tranches, to Mr Lawrenson, calculated in accordance with the following formula:

$$PR = (A \times B)$$

$$C$$

where:

PR = Number of Director Performance Rights;

A= Gross Salary at the time the Director Performance Rights are issued;

B = 75%; and

C = The relevant share price, being the Company VWAP for the period ending on the final day of the quarter immediately preceding the issue of the Director Performance Rights.

The Board intends to issue Director Performance Rights to Mr Lawrenson during the last quarter of 2016. Variable C in the calculation of the number of Director Performance Rights to be issued is therefore the Company VWAP for the period ending on 1 October 2016, being \$0.225. Mr Lawrenson's employment contract includes a base salary of \$550,000 per annum, this calculates to 1,833,333 Director Performance Rights to be issued to Mr Lawrenson.

Details of the terms and conditions of the Director Performance Rights are as follows:

Table 1

Tranche	Number of Director Performance Rights	Performance Conditions for vesting of Director Performance Rights	Milestone Date	Expiry Date
Tranche 1	183,333	A lost time injury frequency rate per 1 million working hours of equal to or less than 7 for the period from 1 July 2016 to 30 June 2017, vesting in accordance with the Tranche 1 Vesting Matrix detailed below.	30 June 2017	Three years from date of issue
Tranche 2	550,000	The Company (or a related body corporate of the Company) obtaining a Mining Concession (i.e. a full mine permit) in respect of the Baobab Phosphate Project.	30 June 2017	
Tranche 3	366,667	The Company's TSR in respect of the period commencing 1 July 2016 and ending 30 June 2017 being equal to or greater than 10, vesting in accordance with the Tranche 3 Vesting Matrix detailed below.	30 June 2017	
Tranche 4	733,333	The Company's TSR in respect of the period commencing 1 July 2016 and ending 30 June 2018 being equal to or greater than 10, vesting in accordance with the Tranche 4 Vesting Matrix detailed below.	30 June 2018	

Tranche 1 Vesting Matrix

Lost time injury frequency rate per 1 million working hours	Percentage of Tranche 1 Director Performance Rights Vesting
Equal to 5 or below	100%
Between 5.1 and 7	50%
Greater than 7	0%

Tranche 3 Vesting Matrix

Company's TSR	Percentage of Tranche 3 Director Performance Rights Vesting
Less than 10	0%
Equal to 10	34%
Between 10 and 30	Between 34% and 100%, determined
	on a straight-line basis
Equal to 30 or above	100%

Tranche 4 Vesting Matrix

Company's TSR	Percentage of Tranche 4 Director
	Performance Rights Vesting
Less than 10	0%
Equal to 10	20%
Between 10 and 50	Between 20% and 100%, determined
	on a straight-line basis
Equal to 50 or above	100%

For a summary of the other key terms and conditions on which the Director Performance Rights are proposed to be issued, please refer to Annexure B.

Resolution 14 is an Ordinary Resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 14.

If the Chairperson of the Annual General Meeting is appointed, or taken to be appointed, as your proxy and you do not direct the Chairperson how to vote in respect of Resolution 14 on the Proxy Form, you will be deemed to have directed and expressly authorised the Chairperson to vote your proxy in favour of Resolution 14 even if the Resolution is connected directly or indirectly with the remuneration of a member or members of the Key Management Personnel for the Company.

Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act. Mr Lawrenson is a related party of the Company.

The Board considers that shareholder approval under section 208 of the Corporations Act is not required as the exception in section 211 of the Corporations Act applies. The Shares to be issued to Mr Lawrenson are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

Section 200B of Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose office or position is a managerial or executive office. Mr Lawrenson holds an office or position that is a managerial or executive office. The Director Performance Rights may vest in certain circumstances after the termination of Mr Lawrenson's employment at the discretion of the Board. Accordingly, the Board has formed the view that should this occur, it may constitute a benefit in connection with Mr Lawrenson's retirement from office. Therefore the Company seeks shareholder approval for the issue of Director Performance Rights to Mr Lawrenson.

Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue equity securities to a Director without Shareholder approval.

Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Director Performance Rights will be issued to Mr Lawrenson who is a Director (or his nominees).
- (b) The maximum number of Director Performance Rights to be issued to Mr Lawrenson (or his nominees) is 1,833,333. The actual number of Director Performance Rights that will vest and convert into Shares is dependent on the satisfaction of the relevant performance conditions described in Table 1.
- (c) The Director Performance Rights will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Director Performance Rights will be granted for no consideration and no funds will be raised from the issue of the Performance Rights. In addition, once vested, the Director Performance Rights will be automatically exercised. Following exercise of the Director Performance Rights, the Company must issue Mr Lawrenson one Share for every vested Performance Right. The Shares will be issued for no consideration. A summary of the other material terms and conditions of the Director Performance Rights is provided in Annexure B and Table 1 above.
- (e) Shares issued on exercise of the Director Performance Rights will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice for Resolution 14.
- (g) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 14.

Directors' recommendation

The Directors (other than Mr Lawrenson, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 14.

Resolution 15 - Approval of additional 10% share issue capacity

Background

Listing Rule 7.1 requires Shareholder approval for an issue of securities in the Company if that issue will, when aggregated with all other issues during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

In accordance with Listing Rule 7.1A, eligible entities may seek Shareholder approval at their annual general meeting to issue a further 10% of their issued share capital in addition to the 15% placement capacity set out in Listing Rule 7.1 (10% Share Issue Capacity).

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

Any issue of securities under Listing Rule 7.1A:

- (a) must be in the same class as an existing quoted class of the Company's equity securities;
- (b) may be issued at a maximum of 25% discount to the current market price; and
- (c) must be calculated in accordance with the formula prescribed by Listing Rule 7.1A.2.

The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability to issue equity securities under the 10% Share Issue Capacity. The approval of Resolution 15 will provide the Company with even greater flexibility to issue securities under the 10% Share Issue Capacity in addition to the 15% placement capacity set out in Listing Rule 7.1 without a further requirement to obtain prior Shareholder approval.

Resolution 15 is a Special Resolution and therefore requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by Proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairperson intends to exercise all available proxies in favour of Resolution 15.

Formula for calculating 10% Share Issue Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$(\mathbf{A} \times \mathbf{D}) - \mathbf{E}$

- A is the number of shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of fully paid shares issued in the 12 months under an exception contained in Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
 - (iv) less the number of fully paid shares cancelled in the 12 months.
- **D** is 10%.
- E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided for the purpose of obtaining Shareholder approval of Resolution 10:

(a) Capacity

At the date of the Notice, the Company has on issue 526,826,468 Shares and will have, subject to the approval of Resolutions 7 and 8, a capacity to issue 79,023,970 equity securities under Listing Rule 7.1.

The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (see above).

(b) Minimum price

The minimum price at which securities may be issued under the 10% Share Issue Capacity is 75% of the volume weighted average price of securities in the same class calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price of the securities to be issued is agreed; or
- (ii) if they are not issued within 5 ASX trading days of the date in paragraph (i), the date on which the securities are issued.
- (c) Potential risk of economic and voting dilution

If this Resolution 15 is approved by Shareholders and securities are issued under the 10% Share Issue Capacity, the interests of Shareholders who do not receive any securities under the issue would be diluted.

Shareholders should note that in such circumstances:

- (i) the voting power of Shareholders who do not receive securities under the 10% Share Issue Capacity as a proportion of the voting power of all Shareholders will be diluted. The extent of that dilution will depend on the number of shares issued; and
- (ii) the value of the interests of Shareholders who do not receive securities under the 10% Share Issue Capacity may be diluted if shares are issued at a price which represents a discount to their value before the issue is made. However, there are a range of other factors which may impact value of shares including, for instance, the impact of any capital raising on the Company and the purpose for which the funds are used may effect the value of a company and so its shares. The extent of any dilution in the value of the shareholding will primarily be impacted by the price at which the securities are issued and the number of securities issued.

There is also a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the equity securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the equity securities.

As required by the Listing Rules, the table below shows a hypothetical example of the potential dilution of Shareholders of the Company where the full 10% Share Issue Capacity is utilised, on the basis of three different assumed issue prices and numbers of equity securities on issue.

	Dilution when compared with the current	Hypothetical issue price of shares issued under the 10% Share Issue Capacity			
	issued share capital	\$0.1075 50% decrease in Issue Price	\$0.215 Issue Price	\$0.43 100% increase in Issue Price	
Current issued share capital	10% Voting dilution	52,682,646	52,682,646	52,682,646	
526,826,468 Shares	Funds raised	\$5,663,384	\$11,326,769	\$22,653,538	
50% increase in issued share Capital	10% voting dilution	79,023,970	79,023,970	79,023,970	
790,239,702 Shares	Funds raised	\$8,495,076	\$16,990,153	\$33,980,307	
100% increase in issued share capital 1,053,652,936 Shares	10% voting dilution	105,365,293	105,365,293	105,365,293	
	Funds raised	\$11,326,769	\$22,653,358	\$45,307,076	

The table has been prepared on the following assumptions:

- (i) The Issue Price is \$0.215 based on the closing price of shares on 15 September 2016.
- (ii) The current issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2).

Notice of Annual General Meeting

- (iii) The Company issues the maximum number of securities available under the 10% Share Issue Capacity.
- (iv) No Options are exercised or Performance Rights vested prior to the date of issue of any shares under the 10% Share Issue Capacity.
- (v) The table shows the effect of issues of the Company's equity securities under the 10% Share Issue Capacity, not under the Company's 15% placement capacity under Listing Rule 7.1.
- (vi) The table does not show an example of dilution that may be caused to any particular Shareholder due to any placements under the 10% Share Issue Capacity.

(d) Timing of potential issues

If Shareholder approval of Resolution 15 is obtained, securities may be issued under the 10% Share Issue Capacity during the period commencing on the date of the Meeting and ending on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of Shareholder approval for any transaction under Listing Rules 11.1.2 (significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(e) Purpose of potential issue

Any Shares issued under the 10% Share Issue Capacity are likely to be issued for the following purposes:

- (i) non cash consideration for the acquisition of new resources assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; and/or
- (ii) cash consideration. In such circumstances the Company intends to use the funds raised towards the acquisition of new assets or investments (including expenses associated with such acquisition), further development of the Company's projects and/or for general working capital purposes.

The reasons for undertaking any particular issue under the 10% Share Issue Capacity would be announced at the time the Company sought to issue shares under that 10% Share Issue Capacity.

(f) Allocation policy under the 10% Share Issue Capacity

The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue under the 10% Share Issue Capacity.

The identity of allottees of securities under the 10% Share Issue Capacity will be determined on a case-by-case basis having regard to factors which may include:

- (i) the methods of raising funds which are available to the Company, including the time and market exposure associated with the various methods of raising capital applicable at the time of the raising;
- (ii) the effect of any such issue on the control of the Company;
- (iii) the financial situation of the Company; and
- (iv) advice from corporate, financial and broking advisers.

It is not possible to determine at this time whether any existing Shareholders, or class of Shareholders, would be invited to apply for any shares that may be issued under the 10% Share Issue Capacity, or to determine the category of any new investors that may be invited to participate in such a fundraising. Prior to undertaking any such fundraising, the Board will have regard to whether it is in the Company's best interests to structure such a fundraising as an entitlements issue to all of the Company's existing Shareholders at that time.

Notice of Annual General Meeting

- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.
 - Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.
- (h) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2015 annual general meeting on 18 November 2015.

In accordance with Listing Rule 7.3A.6 the total number of equity securities issued in the 12 months preceding the date of this notice of meeting is 193,422,462 representing 40.61% of the equity securities on issue at the commencement of the 12 month period.

The Company has issued the following equity securities in the 12 months preceding the date of this Notice:

Date of Issue / Grant	Number of Securities	Class	Issue Price	Discount to Market price	Total cash Consideration	Issued to	Non cash value*
3/11/2015	28,151,676	Ordinary Shares	\$0.11	N/A	\$3,096,684	JP Morgan	N/A
11/11/2015	40,000,000	Ordinary Shares	\$0.105 (deemed)	N/A	Nil	Baobab Partners	N/A
10/12/2015	1,897,893	Ordinary Shares	\$0.11 (deemed)	N/A	Nil	Mr BA	\$208,768
10/12/2015	1,897,893	Ordinary Shares	\$0.11 (deemed)	N/A	Nil	Mr Gaye	\$208,768
18/11/2015	3,750,000	Performance Rights	Nil	Nil	Nil	Mr Lawrenson	\$525,000 ⁽¹⁾
11/12/2015	1,650,000	Performance Rights	Nil	Nil	Nil	Mr Wheatley	\$198,000 ⁽²⁾
11/12/2015	1,750,000	Performance Rights	Nil	Nil	Nil	Mr Richardson	\$210,000 ⁽²⁾
11/12/2015	1,400,000	Performance Rights	Nil	Nil	Nil	Mr Fulton	\$168,000 ⁽²⁾
11/12/2015	1,750,000	Performance Rights	Nil	Nil	Nil	Mr BA	\$210,000 ⁽²⁾
11/12/2015	1,000,000	Performance Rights	Nil	Nil	Nil	Mr Gaye	\$120,000 ⁽²⁾
11/12/2015	1,250,000	Performance Rights	Nil	Nil	Nil	Mr Grandio	\$150,000 ⁽²⁾
11/12/2015	1,250,000	Performance Rights	Nil	Nil	Nil	Mr Bajeddoub	\$150,000 ⁽²⁾
2/3/2016	104,750,000	Ordinary Shares	\$0.1172	Nil	\$12,276,700	Tablo Corporation	Nil
2/8/2016	2,000,000	Ordinary Shares	\$0.18	Nil	\$360,000	Karen Bergin	Nil
13/9/2016	925,000	Ordinary Shares	\$0.10	Nil	\$92,500	EAS Advisors LLC	Nil

^{*}Non cash valuation based on the following methodologies:

- 1) Share price on date of grant.
- 2) Share price on date of issue.

The Company has not yet spent any of the funds it has raised as a result of the issue of equity securities in the 12 months preceding the date of this Notice. It intends to spend the funds raised:

- (i) for further development of the Company's projects;
- (ii) as consideration for, or to raise funds for, the acquisition of new resources assets and other investments; and/or
- (iii) for general working capital purposes.

AVENIRA LIMITED

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- (i) A voting exclusion statement is included in the Notice.
- (j) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Directors' Recommendation

The Directors of the Company believe that Resolution 15 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 15.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

ANNEXURE A

TERMS AND CONDITIONS OPTIONS EXPIRING 30 NOVEMBER 2019

The Options will be issued on the following terms:

- 1. Each Option shall be issued for no consideration.
- 2. The exercise price of each Option will be \$0.3217 ("Exercise Price").
- 3. Each Option entitles the holder to subscribe for one Share in Avenira Limited ABN 48 116 296 541. ("Company") upon the payment of the Exercise Price per Share subscribed for.
- 4. The Options will lapse at 5:00 pm, Western Standard Time on 30 November 2019 ("Expiry Date").
- 5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
- 6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- 7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
- 8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.
- 9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 10. The Options shall be exercisable at any time until the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
- 11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
- 12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

SUMMARY OF TERMS AND CONDITIONS OF DIRECTOR PERFORMANCE RIGHTS

Director Performance Rights: The grant of a Director Performance Right provides the holder with a right to be issued or transferred one Share, subject to the terms and conditions outlined below.

Quotation: The Director Performance Rights will not be quoted on ASX, however the Company must apply for quotation of Shares issued following vesting of Director Performance Rights if the Shares are then quoted on ASX.

Eligible Participants: The holder of the Director Performance Rights must be a:

- (a) full-time or part time employees (including executive Directors) of the Company or any of its associated bodies corporate;
- (b) non-executive Directors of an associated body corporate;
- (c) contractors of the Company or any of its associated bodies corporate;
- (d) casual employees of the Company or any of its associated bodies corporate; or
- (e) persons to whom an offer of Director Performance Rights is made, but who can only accept the offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (a) to (d), (each an ""Eligible Person").

Consideration Payable: Director Performance Rights will be issued for no consideration and no amount is payable upon automatic exercise of vested Director Performance Rights.

Invitation and Performance Conditions: Director Performance Rights issued to a participant will be subject to performance conditions, determined by the Board from time to time and specified in a written offer letter.

Expiry Date & Milestone Date: Director Performance Rights will have an expiry date which is no later than five years from the date of issue of a Director Performance Right. The Board is not permitted to extend an expiry date without Shareholder approval. The Director Performance Rights may also have milestone dates, prior to which performance conditions must be satisfied.

The Board has the discretion to extend a milestone date in circumstances that the Board (in its sole discretion) considers that unforeseen circumstances or events have caused delay in satisfying the performance condition by the milestone date, subject to compliance with the Listing Rules. However, the Board is not permitted to extend the milestone date beyond the expiry date of the Director Performance Rights.

If any Director Performance Right has not been determined by the Board to have vested by the earlier of the relevant milestone date (if any) or expiry date, the applicable Director Performance Rights will lapse. A Director Performance Right will also lapse if the Board determines the participant ceases to be an Eligible Person for any reason other than as a result of retirement, disability, bona fide redundancy, death or removal from a position of managerial or executive office.

On Sale: The Company may only issue Shares on the vesting of Director Performance Rights once excluded information in respect to the Company cease to be excluded information (requiring the issue of a cleansing statement or prospectus by the Company) or the holder elects for the Shares to be subject to a holding lock for a minimum 12 month period.

Escrow: The holder agrees to be bound by an escrow period prescribed by ASX.

Retirement, Disability, Redundancy or Death or Removal: Unless the Board determines otherwise, upon the retirement, total and permanent disability, bona fide redundancy, death or removal from managerial or executive office of an Eligible Person, then in respect of those Director Performance Rights which have not satisfied the performance condition but have not lapsed, the holder shall be permitted to continue to hold those Director Performance Rights as if the Eligible Person was still an Eligible Person.

Forfeiture: If an Eligible Person acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Director Performance Rights to have lapsed and deem any Director Performance Rights that have become Shares to be forfeited. In the event the underlying Shares have been sold by the holder, the holder will be required to pay all or part of the net proceeds of that sale to the Company.

Assignment: Except on death of a holder, Director Performance Rights may not be transferred, assigned or novated without prior Board approval.

Takeover Bid or Change of Control: All Director Performance Rights which have not lapsed automatically vest where:

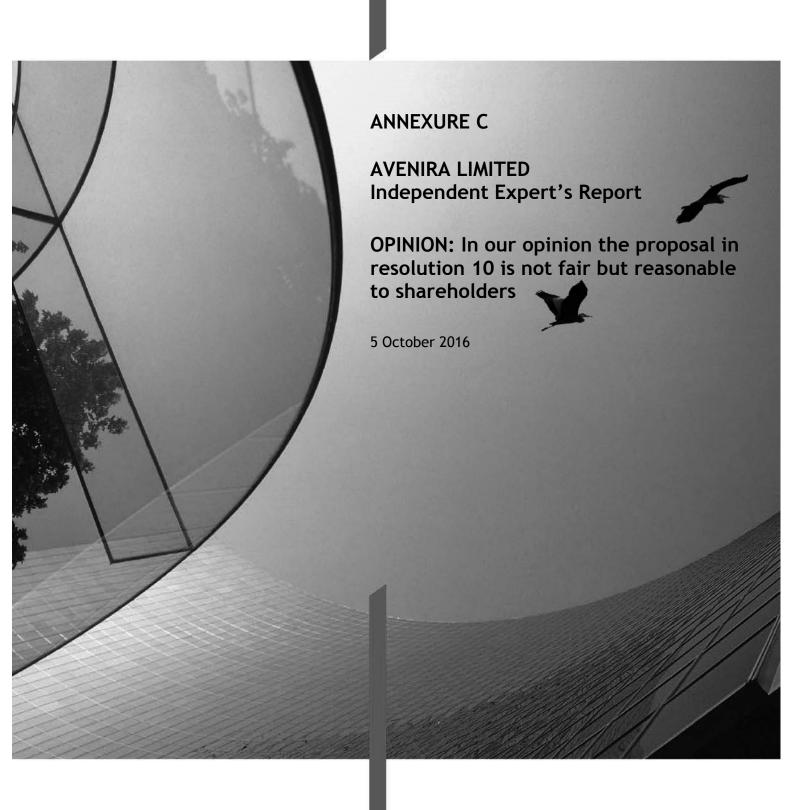
- (a) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement; or
- (b) a takeover bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the takeover bid has a relevant interest in 50% or more of the Shares; or
- (c) any person acquires a relevant interest in 50.1% or more of the Shares by any other means, other than as a result of the transactions contemplated in the Merger Implementation Agreement.

Alteration in Share Capital: The Director Performance Rights will be changed to the extent necessary to comply with the Listing Rules applying to a re-organisation of the share capital of the Company, such as a Share consolidation, Share split or other reduction of capital, at the time of the re-organisation.

Pro Rata Issue of Securities: A holder of Director Performance Rights will be able to participate in a pro rata offer to the Shareholders of new securities by way of rights issue if, prior to the record date, the Director Performance Rights have been duly exercised. In addition, no adjustment to the number of Shares a Director Performance Right holder is entitled to or adjustment to any performance condition which is based, in whole or in part, upon the Share price, shall occur as a result of the Company undertaking a rights issue.

Bonus Issue: If, during the term of any Director Performance Rights, the Company completes a bonus issue (otherwise than pursuant to any incentive scheme), the number of Shares each holder is then entitled, shall be increased by that number of securities which the holder would have been issued if the Director Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

Participation in other Opportunities: There are no participation rights or entitlements inherent in the Performance Rights. However, the Company will use its reasonable endeavours to ensure that each holder is given an opportunity to participate on the same basis as if his or her Director Performance Rights had been exercised.







Financial Services Guide

5 October 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Avenira Limited ('Avenira') to provide an independent expert's report on the proposal to approve certain terms in the shareholders' agreement for Baobob Mining Chemicals Corporation SA. You will be provided with a copy of our report as a retail client because you are a shareholder of Avenira.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- ♦ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$22.000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments - In July 2015 BDO Corporate Finance (WA) Pty Ltd prepared an independent expert report for the Company (which was then called Minemakers Limited) to express an opinion on the proposed acquisition of Baobob Fertilizer Africa which in turn owned Baobob Mining and Chemicals Corporation SA. Our fee for the preparation of that report was approximately \$27,500.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Avenira for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service GPO Box 3 Melbourne VIC 3001

Toll free: 1300 78 08 08 Facsimile: (03) 9613 6399

Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

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Tel: +61 8 6382 4600 Fax: +61 8 6382 4601 www.bdo.com.au 38 Station Street Subiaco, WA 6008 PO Box 700 West Perth WA 6872

5 October 2016

The Directors
Avenira Limited
Ground Floor
20 Kings Park Road
WEST PERTH WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 31 January 2016 Avenira Limited ('Avenira' or 'the Company') and its wholly owned subsidiary Baobab Fertilizer Africa ('Baobab Fertilizer') entered into a shareholders' agreement ('the Shareholders' Agreement') regarding Baobab Fertilizer's shareholding in Baobab Mining and Chemicals Corporation SA ('BMCC').

Under the Shareholders' Agreement Baobab Fertilizer has the ability to acquire or dispose of shares in BMCC, to or from Mimran Natural Resources ('Mimran'), pursuant to four separate options granted under the Shareholders' Agreement. As Mimran is considered to be a related party of Avenira under the definitions contained in the ASX Listing Rules, Avenira shareholder approval is required to be obtained for each of these options. The approval of these options is the subject of Resolution 10 contained in the accompanying Notice of Meeting ('the Proposal').

2. Summary and Opinion

2.1 Purpose of the report

The directors of Avenira have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the proposal to approve the ability for Baobab Fertilizer to acquire or dispose of shares in BMCC to or from Mimran in accordance with the terms of the Shareholders' Agreement is fair and reasonable to the shareholders of Avenira ('Shareholders').

Our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Explanatory Memorandum for Avenira in order to assist the Shareholders in their decision whether to approve the Proposal.



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposal as outlined in the body of this report. We have considered:

- Whether the mechanism for determining the sale or purchase price of the shares in BMCC as set out in the Shareholders' Agreement will result in a fair outcome for Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposal; and
- The position of Shareholders should the Proposal not be approved.

2.3 Opinion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is not fair but reasonable to Shareholders.

In our opinion, the Proposal is not fair because whilst certain elements of the Proposal will result in a fair outcome for Shareholders others may not. Therefore our opinion on the overall Proposal is that it is not fair for Shareholders. However, we consider the Proposal to be reasonable because the advantages of the Proposal to Shareholders are greater than the disadvantages. In particular, many elements of the Proposal are fair for Shareholders and if the Proposal is approved BMCC will not be dependent on receiving consent from Mimran to access debt funding to progress the development of the Baobab Project.

2.4 Fairness

In section 11 we concluded on the fairness of the Proposal as detailed below.

Option	Fairness opinion	Basis of opinion
Pre-emptive Right - simple transaction	Not Fair	The continuing shareholder need only match the price and terms offered by a third party purchaser and those price and terms may not reflect the fair value of the shares.
Pre-emptive Right - complex transaction	Fair	The price will be determined at a value determined by an independent expert.
Mimran Call Option	Not Fair	The price will be at 80% of the value determined by an independent expert.
Mimran Put Option	Fair	The price will be determined at a value determined by Avenira's auditor or an independent expert.
Baobab Fertilizer Call Option	Fair	The price will be determined at a value determined by Avenira's auditor or an independent expert.



As components of the Proposal are not fair our overall opinion on the Proposal is required to be that it is Not Fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 12 of this report, in terms of both

- · advantages and disadvantages of the Proposal; and
- other considerations, including the position of Shareholders if the Proposal is not approved proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposal is approved is more advantageous than the position if the Proposal is not approved. Accordingly, in the absence of any other relevant information we believe that the Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES				
Section	Advantages	Section	Disadvantages	
12.1	The ability for Mimran to block indebtedness will be avoided	12.2	Overall the Proposal is not fair	
12.1	Avoids the potential for Mimran to take a less collaborative approach to the management of BMCC			
12.1	Alignment of the interests of Shareholders and Mimran			

Other key matters we have considered include:

Section	Description
12.3	If the Proposal is not approved there may be a negative impact on the Company's plan to develop a Large Mine Project at the Baobab Project.
12.3	BMCC may need to consider alternative funding sources if debt cannot be accessed.



3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it, or a child entity, acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts. Based on the reviewed accounts as at 31 December 2015, the value of the shares in BMCC that may be sold to, or acquired from, Mimran by Baobab Fertilizer, a child entity of Avenira, will be greater than 5% of the equity interest in Avenira.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party, or a substantial shareholder of the listed entity.

Mimran is a substantial holder of Avenira by virtue of, together with associates, holding at least 10% of the issued shares in Avenira. Also David Mimran is a director of both Avenira and BMCC.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.

Accordingly, an independent experts' report is required for the Proposal. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Avenira.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

When assessing whether a proposed transaction is fair ASIC expects the expert to express an opinion on whether the transaction is fair and reasonable from the perspective of non-associated shareholders. This analysis is specifically required where the report is intended to accompany meeting materials for shareholder approval of an asset acquisition or disposal under ASX listing Rule 10.1.

RG 111 suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposal to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposal as if it were not a control transaction.



3.3 Adopted basis of evaluation

RG 111.57 states that a proposed related party transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

- a) Assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- b) For control transactions on the basis referred to in RG 11.11 i.e. including a premium for control.

Where the proposed transaction consists of an asset acquisition by the entity, it is fair if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing.

In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transactions.

A proposed related party transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes there are sufficient reasons for shareholders to vote for the proposal.

If an expert concludes that a related party transaction is not fair, but reasonable, it should clearly explain the meaning of this opinion, why the expert has reached this conclusion, and the significance of the conclusion to the decision to be made by shareholders.

In the case of this Proposal the assets subject to our assessment are the issued shares in BMCC that may be sold to, or acquired from, Mimran by Baobab Fertilizer. As stated in Section 3.2 we do not consider that the Proposal is a control transaction of shares in Avenira. As such, we have not included a premium for control when considering the value of the BMCC shares.

Having regard to the above, BDO has completed this comparison in two parts:

- An assessment as to whether the mechanism for determining the price for the sale of shares in BMCC by Baobab Fertilizer to Mimran or for the purchase of shares in BMCC by Baobab Fertilizer from Mimran as set out in the Shareholders' Agreement will result in a fair outcome for Shareholders. We have undertaken this assessment separately for each of the different scenarios contemplated under the Shareholders' Agreement (fairness see Section 11'Is the Proposal Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the fairness assessment described above (reasonableness see Section 12 'Is the Proposal Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



4. Outline of the Proposal

4.1 Background

On 23 September 2015 Avenira acquired 100% of the near-term rock phosphate Baobab Project in the Republic of Senegal. Avenira acquired the Baobab Project by acquiring 100% of the issued capital of Baobab Fertilizer from Baobab Partners LLC, an affiliate of Agrifos Partners LLC which is an affiliate of Vulcan Phosphates LLC and a major Avenira Shareholder. At the time of this acquisition Baobab Fertilizer owned 100% of BMCC which owns the Baobab Project.

On 31 January 2016 Avenira agreed with Mimran and Tablo Corporation ('Tablo') (an affiliate of Mimran) for:

- The issue of 20% of the capital in BMCC to Mimran for consideration of US\$11.25 million and the transfer of a phosphate exploration permit in the Republic of Senegal to BMCC; and
- The issue of 104,750,000 fully paid ordinary shares in Avenira (representing 19.9% of the issued shares in Avenira) to Tablo at a price of \$0.117 per share.

The transaction was completed on 2 March 2016 resulting in Avenira receiving approximately \$28 million in proceeds with Mr David Mimran, CEO of Mimran, being appointed to the Boards of BMCC and Avenira.

4.2 The Shareholders' Agreement

On 31 January 2016 Avenira and its wholly owned subsidiary Baobab Fertilizer entered into the Shareholders' Agreement regarding Baobab Fertilizer's shareholding in BMCC.

Under the Shareholders' Agreement Baobab Fertilizer has the ability to acquire or dispose of shares in BMCC, to or from Mimran, pursuant to four separate options granted under the Shareholders' Agreement.

The Shareholders Agreement provides the following options for Baobab to acquire or dispose of shares in BMCC to or from Mimran:

- pre-emptive rights ('Pre-Emptive Rights') for Mimran or Baobab Fertilizer to acquire shares in the event that the other shareholder proposes to sell their shares to a third party;
- a call option ('Mimran Call Option') for Mimran to acquire Baobab Fertilizer's shares in the event Avenira breaches certain clauses of the Shareholders' Agreement (relating to the transfer by Avenira of shares in Baobab Fertilizer other than to a wholly owned subsidiary);
- a put option ('Mimran Put Option') for Mimran to require Baobab Fertilizer to acquire Mimran's shares in BMCC in the event of a change of control of Avenira; and
- a call option ('Baobab Fertilizer Call Option') for Baobab Fertilizer to require Mimran to sell its shares in BMCC to Baobab Fertilizer in the event of a change of control of Avenira,

(collectively, the 'Options').

The terms of the Options and the mechanism for arriving at the prices at which shares will be bought and sold under the Options are explained in Section 10.



4.3 Avenira's Obligations under the Shareholders' Agreement

Under the Shareholders' Agreement Avenira is obliged to put resolutions to Avenira Shareholders to approve the Options for the purposes of Chapter 10 of the ASX Listing Rules. This is required to take place within 10 months of the date of the Shareholders' Agreement i.e. by 30 November 2016 and is subject to ASX approving the meeting materials prepared by Avenira.

4.4 Consequences of Avenira not receiving Shareholder Approval for the Options

Under the Shareholders' Agreement certain actions taken by BMCC are reserved to require the consent of a majority of BMCC's directors with such consent to include the consent of the Mimran representative directors in order to be valid. If Shareholder approval is not obtained for the Options then these reserved matters are extended to include:

- The incurrence of indebtedness of more than US\$500,000;
- the amendment of the terms of such indebtedness;
- the creation or occurrence of any encumbrances on the assets of BMCC in connection with such indebtedness.

5. Profile of Avenira

5.1 History and Overview

Avenira was listed on the ASX on 10 October 2006 under the name Minemakers Limited. The Company changed its name from Minemakers Limited to Avenira Limited on 26 November 2015 following its acquisition of the Baobab Project through the acquisition of all of the issued capital of Baobab Fertilizer in September 2015. The Baobab Project is the Company's principal asset.

Avenira also holds

- The Wonarah Phosphate Project located in the Northern Territory, Australia; and
- a strategic investment in JDC Phosphate Inc. ('JDCP') representing an approximate 8% shareholding. This gives Avenira an exclusive Australian and Senegalese licence agreement to utilise JDCP's patented IHP technology upon commercial validation.

Avenira's current board members and senior management are set out below:

- Dr Christopher Pointon Non Executive Director;
- Mr Richard Block Non-Executive Chairman;
- Mr Cliff Lawrenson Managing Director and Chief Executive Officer;
- Mr Farouk Chaouni Non-Executive Director;
- Mr Timothy Cotton Non-Executive Director;
- Mr Ian McCubbing Non-Executive Director;
- Mr David Mimran Non-Executive Director;
- Mr Rodney Wheatley Joint Company Secretary and Chief Financial Officer; and
- Mr John Ribbons Joint Company Secretary.



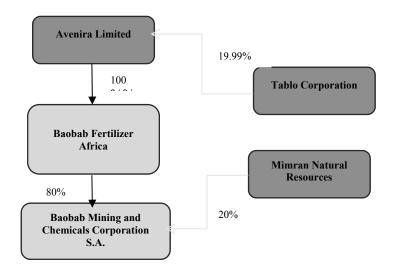
On 3 November 2015, the Company raised additional funds via the issue of 28,151,676 shares at \$0.11 per share to JP Morgan Asset Management UK Limited to raise \$3.1 million, before costs. The funds raised were to be deployed towards the development of the Baobab Project and for working capital.

On 31 January 2016 Avenira agreed with Mimran and Tablo Corporation (affiliate of Group Mimran) for:

- the issue of 20% of the capital in BMCC to Mimran for consideration of US\$11.25m million (\$16m) and the transfer of a phosphate exploration permit in the Republic of Senegal to BMCC; and
- the issue of 104,750,000 fully paid ordinary Avenira shares (representing 19.9% of Avenira's issued ordinary shares) to Tablo Corporation at a price of \$0.117 per share.

This transaction was completed on 2 March 2016 resulting in Avenira receiving approximately \$28 million in proceeds. Mr. David Mimran, CEO of Mimran, was appointed to the Boards of BMCC and Avenira at completion.

The figure below illustrates the ownership structure of Baobab Fertilizer and BMCC and the current interests of Mimran and Tablo Corporation.



5.2 The Baobab Phosphate Project

The Company's 80% owned Baobab Phosphate Project ('Baobab Project') is located 145km east of the Port of Dakar in the Republic of Senegal. The Baobab Project encompasses a single exploration permit area of 1,553km², and the deposit is one of several phosphate deposits within the Eocene Senegal Sedimentary Basin. One of the prospects that forms part of the Baobab Project, the Gadde Bissik phosphate prospect, is located approximately 110km east of Dakar and covers an area of 90km². Within the Gadde Bissik prospect lies the Small Mine Permit ('SMP'). The SMP covers a total area of 5km².

The Company has reported resources totalling 28.6 million tonnes within the radius of the SMP, comprising 12.6 million tonnes grading 21% phosphate in indicated resources and 16 million tonnes at 20% phosphate in inferred resources. In the larger Gadde Bissik area, the Company has reported a Joint Ore Reserve Committee Code 2012 inferred resource of a further 71.4 million tonnes at 19% phosphate.



On 25 August 2016 the Company announced that first production was underway at the Baobab Project. In its June 2016 Quarterly Activities Report Avenira stated that following the commencement of production the Company's priority will be to secure the necessary approvals to move from the current SMP to a full Mine Permit to enable increased production. This is referred to as the Large Mine Project ('LMP').

Whilst the SMP is a fast tracked strategy to get into early stage production for Avenira the LMP is key to unlocking further value for Shareholders from the Baobab Project. In order to achieve this the resource base needs to expanded and a large mine plan needs to be developed which will require investment in capital expenditure to execute the plan and for the beneficiation of product.

Major events describing the progression of the Baobab Project to date are summarised in the following table.

Year	Highlights
2015	On 14 May, the Company announced that it had been granted a SMP at the Gadde Bissik East prospect, part of the Baobab Project. This SMP allowed unlimited mining and processing within the granted area of 5km ² , over the thickest and highest grade mineralisation identified at the Gadde Bissik prospect.
	On 24 September, the Company completed the acquisition of the Baobab Project through completion of a 100% acquisition of BMCC. The initial 100% interest of BMCC was acquired from Agrifos Partners LLC by way of the issuance of ordinary Minemakers shares, Minemakers unlisted options and contingent share rights.
	On 4 November, the Company announced that it had entered into a non-binding Memorandum of Understanding with Mimran whereby Mimran would acquire 20% of the Baobab Project by way of direct investment of US\$11.25m.
	On 10 November, the Company announced that the final government approval had been secured in relation to the Baobab Project, allowing them the decision to proceed with mining in the area. Subsequently, on 12 November, the Company announced that it had made the decision to commence mining the Baobab Project, with first production targeted for the second half of 2016.
2016	On 21 July, the Company announced that Gadde Bissik Phosphates Operations SUARL, a Senegalese subsidiary of the Company, signed its first export supply agreement with international fertilizer companies for rock phosphate. On 22 July, the Company announced that these buyers were Acatrade SA and Getax Agrifert DMCC. On 16 August, the Company announced its third offtake agreement with Egyptian company Polyserve Import Export and Trade to initially purchase 120,000 tonnes per annum.
	On 25 August, the Company announced that it had commenced its first phosphate production at the Baobab Project.

Source: Avenira's website, announcements and presentations



5.3 Capital Structure

The share structure of Avenira as at 22 September 2016 is outlined below:

	Number
Total Ordinary Shares on Issue	526,826,486
Top 20 Shareholders	351,483,008
Top 20 Shareholders - % of shares on issue	66.72%

Source: Avenira Share Registry

The range of shares held in Avenira as at 22 September 2016 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	%Issued Capital
1-1,000	369	82,767	0.0%
1,001-5,000	807	2,924,469	0.6%
5,001-10,000	1,004	8,235,355	1.6%
10,001-100,000	1,845	60,716,386	11.5%
100,001 - and over	337	454,867,491	86.3%
TOTAL	4,362	526,826,486	100.0%

Source: Avenira Share Registry

The ordinary shares held by the most significant shareholders as at 22 September 2016 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Baobab Partners LLC	140,000,000	26.57%
Tablo Corporation	104,750,000	19.89%
JP Morgan Nominees Australia Limited	30,235,351	5.74%
Total Top 3	274,985,351	52.20%
Others	251,841,135	47.80%
Total Ordinary Shares on Issue	526,826,486	100%

Source: Avenira Share Registry



6. Profile of Mimran

Tablo and Mimran, together with Miminvest SA ('Miminvest') are companies owned or controlled by the Mimran family and David Mimran, established to invest in phosphate, gold and other natural resources sectors in West Africa.

Mr. David Mimran is the CEO of Grands Moulins d'Abidjan and Grands Moulins de Dakar, one of the largest producers of flour and agri-food in West Africa. Under the banner of the Mimran Group, the Mimran family has a long history of operating successfully and responsibly in West Africa. The family is also a major sugar producer in the region and the largest private sector employer in Senegal through Compagnie Sucrière Sénégalaise.

Tablo has an interest in the Canadian Toronto Stock Exchange listed company Teranga Gold Corporation of which Mr David Mimran is also a director and which operates a gold mine and mill in Senegal.

Miminvest holds four gold exploration permits in Cote d'Ivoire.

7. Economic analysis

7.1. Global Economy

Global Outlook

The global economy has continued to grow, albeit at a slower rate than what was expected. Conditions have become challenging for a number of emerging market economies, while many advanced economies have improved over the past year. China's growth rate has continued to slow over the first part of the year, although recent activities by Chinese policymakers tend to favour the short-term economic outlook.

Brexit

Britain's impending exit from the European Union has increased uncertainty in global financial markets and consequently impacted negatively on stock markets around the world. The US\$2.8tn aggregate fall in the global stock markets on 24 June 2016 was the largest fall ever suffered and the drop in the value of British Pound Sterling on 24 June 2016 was the largest seen since 1992. The aftershocks of the vote have exacerbated an already poor economic environment in Europe, but the full impact of the result has probably yet to be seen. The reactions will continue to be felt until the political situation and follow up in the United Kingdom and at European Union level develop sufficiently to offer stability and, most importantly, certainty.

Commodity prices

Commodity prices have increased recently however, they are still much lower than that of a few years ago, with terms of trade remaining much lower than it has been in recent years. Prices tend to rely on demand, in particular from the Chinese industrial sector, along with the response to changes in supply.

Due to low oil prices, producers of bulk commodities have in general been reducing their cost of production, as oil is an important input for the transportation of these commodities. However, the ability for these producers to continue to reduce their costs is limited and may result in companies exiting the market.

Low trade from the Australian economy will lead to tough market conditions, along with weak global commodity prices. This may be partially offset by the uncertainty created in global financial markets by Britain's exit from the European Union, which has had a positive impact on gold prices.



Financial markets

The financial markets have somewhat improved after experiencing high levels of volatility over the past few months. The uncertainty about the global economic outlook and policy settings tend to have participants concerned and Britain's impending exit from the European Union has further reduced the markets risk appetite. However, funding costs for high-quality borrowers remains low as monetary policy around the world continues to stimulate economies.

7.2. Australian Economy

The Australian economy seems to be rebalancing off the end of the mining investment boom. Throughout 2015, overall GDP growth seemed to pick up, along with an increasingly healthy labour market. Continual growth is expected in Australia throughout 2016, however at a more moderate pace with recent data suggesting continuing growth despite large declines in business investment. Labour market signs have been mixed of late, but are consistent with a modest pace of expansion in employment in the short term. The inflation rate remains low in Australia and given the low growth in labour costs, this is expected to continue for some time. As such, the Reserve Bank of Australia decided to reduce the cash rate by 25 basis points to a record low of 1.50% in August 2016.

Interest rates

Credit is recording moderate growth overall. Low interest rates are acting to support borrowing, spending and domestic demand. Financial institutions are in a position to lend and growth in lending to the housing market has broadly been steady over recent months. Dwelling prices continue to remain steady in Sydney and Melbourne, and have remained quiet in other cities around the country.

Australian dollar

Over the past year, the Australian dollar has declined noticeably against a rising US dollar, though less so against a basket of currencies. Between early February and late April, the Australian dollar appreciated by 6% on a trade-weighted index basis and by 9% against the US dollar. This appreciation reflects increases in commodity prices, reduced by expectations of the pace of policy tightening in the US by both the Federal Open Market Committee and the market. In order to achieve balanced growth in the economy, a lower exchange rate is likely to be needed.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 2 August 2016

7.3. Senegalese Economy

Senegal is positioned as Africa's western most point of the continent on the Atlantic Ocean. Officially known as the Republic of Senegal, the country is bordered by Mauritania to the north, Mali to the east and Guinea to the south.

While almost 80% of the population is engaged in agriculture, the sector only accounts for about 15% of the country's GDP. Senegal's greatest contributor to GDP is the services sector with the country often referred to as Africa's western gateway. The country is well positioned to act as a hub for goods from Europe, Hong Kong, Thailand and the Middle East into the West African and Sub West African countries, and vice versa. The country's primary exports include oil, phosphate, gold and fish to Mali and India.



Economic growth for 2015 reached 5.1%, a rise against 2014's 4.3%. This figure was driven by the vigour of the agricultural sector, the continuing recovery of the vegetable oil and sugar industries, the dynamic cement industry, building and public works, energy, telecommunications and financial services. Despite this, growth was slightly lower than the predictions of 5.4% and is forecast to be 6% in 2016 and 6.5% in 2017.

The implementation of the flagship projects in the Plan Senegal Emergent ('PSE') entered into its second year in 2015, along with the major reforms which should speed up their completion. The PSE seeks to turn Senegal into an emerging economy by 2035. There are a total of 27 flagship projects, 17 of which have been launched so far and 10 are being implemented.

For its first implementation period, 2014-18, the PSE is organised around three focuses:

- Structural transformation of the economy and growth;
- Human capital, social protection and sustainable development; and
- Governance, institutions, peace and security.

It aims to achieve 7% growth on average during this period. This new development strategy should find expression in basic structural reforms designed to raise the potential for growth and to stimulate creativity and private initiative. The primary goal is to meet the population's high aspirations to see an improvement in their well-being.

To achieve PSE goals, the authorities must ensure the sustained implementation of its flagship reforms, in particular in the fields of energy, property rights, logistics and infrastructure, as well as information and communication technologies and the business environment.

Execution of the PSE could however be delayed and be vulnerable to adverse weather. Moreover, opening the economy has made the country sensitive to the fluctuations of international markets and to economic changes in Europe. Senegal is also vulnerable to the security situation in Mali whilst the threat of the Ebola epidemic has decreased significantly with the Wold Health Organisation declaring Senegal free of virus transmission in October 2014.

 $\textbf{Source:} \ www.african economic outlook.org \ and \ www.tradingeconomics.com$

8. Industry analysis

Overview

Phosphate rock is a general term that refers to rock with a high concentration of phosphate minerals, most commonly of the apatite group. It is the major resource mined to produce phosphate fertilizers for the agriculture sector. As such, approximately 90% of the phosphate rock mined is processed into fertilizers. Some other uses of phosphate include animal feed supplements, soft drinks, food preservatives, anti-corrosion agents, cosmetics, fungicides, ceramics, water treatment and metallurgy. Phosphate minerals are often used for control of rust and prevention of corrosion on ferrous materials applied with electrochemical conversion coatings. Phosphate deposits can be classified into three main types, being marine sedimentary deposits of phosphorites, apatite rich igneous rocks, and modern and ancient guano accumulations.



Key Drivers

Production and exploration levels of phosphate are highly sensitive to the demand and supply of the final product, as well as other factors including oil prices, climate, exchange rates, and political and regulatory factors. The following table sets out the 2015 estimate of phosphate production by country and the actual production levels recorded by these countries in 2014. All figures are presented in thousand metric tons.

Country		Mine production	Reserves
	2014*	2013	
United States	25,300	27,600	1,100,000
Algeria	1,500	1,200	2,200,000
Australia	2,600	2,600	1,000,000
Brazil	6,040	6,700	320,000
China	100,000	100,000	3,700,000
Egypt	5,500	5,500	1,200,000
India	1,110	1,100	65,000
Iraq	200	200	430,000
Israel	3,360	3,300	130,000
Jordan	7,140	7,500	1,300,000
Kazakhstan	1,600	1,600	260,000
Mexico	1,700	1,700	30,000
Morocco and Western Sahara	30,000	30,000	50,000,000
Peru	3,800	4,000	820,000
Russia	11,000	12,500	1,300,000
Saudi Arabia	3,000	3,300	960,000
Senegal	900	1,000	50,000
South Africa	2,160	2,200	1,500,000
Syria	1,230	750	1,800,000
Togo	1,200	1,000	30,000
Tunisia	3,780	4,000	100,000
Vietnam	2,700	2,700	30,000
Other	2,370	2,600	380,000
World Total	218,000	223,000	69,000,000

^{*} Estimate

Source: US Geological Survey, Mineral Commodity Summaries January 2016.

Demand in the phosphate industry is primarily affected by the state of the fertilizer manufacturing industry, which in turn is highly correlated with the global demand for agriculture products.

Oil prices have a positive correlation with the demand, and therefore pricing, observed in the phosphate industry. As the price of crude oil increases, alternative energy sources such as biofuel and ethanol become more prevalent. These alternative energy sources require extensive agriculture therefore increasing the demand for fertilizer products, which in turn stimulates growth in the phosphate industry.



Climate conditions can also have an impact on the demand for fertilizer products and consequently phosphate, with the dry, harsh conditions experienced in places such as Africa requiring increasing use of fertilizer products.

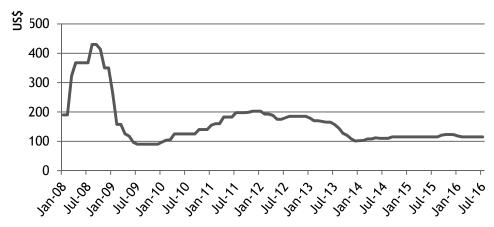
Exchange rates can impact the demand for phosphate with the majority of trading being denominated in US dollars, however with the availability of hedging instruments; exchange rates do not have a meaningful impact on the demand for phosphate products.

Due to the risky nature of exploration activities and the uncertainty surrounding infant exploration projects, phosphate explorers and producers are hesitant in bearing additional sovereign risk by exploring in foreign countries. As a result the investment capital required for phosphate exploration is often restricted to those politically stable economies, therefore hindering phosphate supply in smaller developing countries.

Prices

The price that a producer can obtain for phosphate rock concentrate is contingent upon the percentage of P_2O_5 it contains. Phosphate prices are not quoted on a public exchange however the Moroccan Phosphate Rock, containing 70% Bone Phosphate of Lime ('BPL') is commonly used as a global pricing benchmark. These historical prices are often used as a base for forecasting phosphate prices, with adjustments made for the grade, impurities and other competitive factors. The following chart outlines the historical price movements of this global benchmark over the past eight years.

Monthly Rock Phosphate Prices 70% BPL



Source: Bloomberg and BDO analysis

The Moroccan phosphate rock price, along with other commodities, went through a period of high volatility during the Global Financial Crisis ('GFC') in 2008 and 2009. This is evident by the dramatic price movement in the graph above from a peak of US\$430 per tonne in August 2008 to US\$90 per tonne in July 2009. The Moroccan phosphate rock price recovered to US\$140 per tonne in 2010 and hit a post GFC high of US\$202.50 per tonne in 2011. The price found strong support at US\$100 per tonne in 2013 and has recently stabilised and traded at or close to the current price of US\$115 per tonne since September 2014.



Outlook

According to the 2016 US Geological Survey world phosphate rock capacity is projected to increase from 223 Mt in 2015 to an anticipated 255 Mt in 2019. The majority of the projected growth is expected to come from expansion of existing mines in Morocco and the development of a new mine in Saudi Arabia. Global fertilizer demand is forecast to improve during 2016 primarily from increased usage in the South Asia, Latin America & Caribbean and East Asia regions. However, it is also anticipated that the phosphate price will become more volatile due to a combination of large volumes of Chinese production entering the market, large production capacity coming on-line from producers and uncertainty over consumption in Brazil and India.

Source: International Fertilizer Industry Association, Fertilizer outlook 2014-2018

9. Approach adopted to assess fairness

In assessing the Proposed Transaction we must consider the proposal to allow Baobab Fertilizer to sell or buy shares in BMCC to or from Mimran at some future date. If such a purchase or sale occurs it is not possible to determine when such a transaction may take place or indeed the value of a share in BMCC at that time. However, the Shareholders' Agreement does set out the mechanism for arriving at the price any such transaction will take place at. At such our fairness assessment focusses on each set out in the Shareholders' Agreement for arriving at the transaction price and whether that mechanism will result in a price that will be fair to Shareholders.

RG 111.57 states that a proposed related party transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

We have addressed each of the Options for Baobab Fertilizer to acquire or dispose of shares in BMCC to or from Mimran separately:

- The Pre-emptive Rights for Mimran or Baobab Fertilizer to acquire shares in the event that the other shareholder proposes to sell their shares to a third party;
- The Mimran Call Option for Mimran to acquire Baobab Fertilizer's shares in the event Avenira breaches certain clauses of the Shareholders' Agreement (relating to the transfer by Avenira of shares in Baobab Fertilizer other than to a wholly owned subsidiary);
- The Mimran Put Option for Mimran to require Baobab Fertilizer to acquire Mimran's shares in BMCC in the event of a change of control of Avenira; and
- The Baobab Fertilizer Call Option for Baobab Fertilizer to require Mimran to sell its shares in BMCC to Baobab Fertilizer in the event of a change of control of Avenira,

The operation and terms of each of the Options set out in the Shareholders' Agreement are all subject to the receipt of approval by Avenira shareholders.



10. Fairness Assessment

10.1 The Pre-emptive Rights

The terms of the Pre-emptive Rights and the mechanism for setting the sale and purchase price are set out in the Shareholders' Agreement. The Pre-Emptive Rights can be exercised by either Baobab Fertilizer or Mimran, where the other shareholder proposes to transfer its shares to a third party.

If either Baobab Fertilizer or Mimran contemplates a transfer of its shares in BMCC to a third party, it must give the other shareholder ('the Continuing Shareholder') a notice ('the Transfer Notice') that specifies the:

- total number of Shares proposed to be transferred;
- identity and address of the proposed third party buyer of the shares; and
- price offered by the third party for the shares.

The Transfer Notice can be conditional upon the Continuing Shareholder agreeing to purchase all the shares. The Transfer Notice constitutes an irrevocable promise by the selling shareholder to sell the shares to the Continuing Shareholder at the price in the Transfer Notice.

The Pre-emptive Rights therefore give the Continuing Shareholder a "right of last refusal" in that the selling shareholder must offer to sell the shares it is planning to sell to the Continuing Shareholder at the price and on the terms offered by the third party purchaser.

The Continuing Shareholder can exercise its pre-emptive right to purchase all or some of the shares. To do so, the Continuing Shareholder must agree to within 60 days following the Transfer Notice.

The Shareholders' Agreement contemplates two alternative forms of price setting for the Pre-emptive Rights:

- Simple Transaction where the consideration offered by the third party buyer is in cash; and
- Complex Transaction where the consideration offered by the third party buyer is not exclusively in cash.

The price at which the Continuing Shareholder can therefore acquire the other's shares in BMCC is set differently depending on whether it is a Simple Transaction or a Complex Transaction and accordingly we have considered the fairness of each type of transaction separately.

10.1.1. The Pre-emptive Rights - Simple Transaction

Under the Pre-emptive Rights where the consideration offered by the third party is exclusively in cash it will be a Simple Transaction.

For a Simple Transaction the Continuing Shareholder (either Baobab Fertilizer or Mimran) will have the right to buy the other's shares at the price and on the terms offered by the third party purchaser. It is possible that the price offered by the third party purchaser will reflect the fair market value of the shares in BMCC. If that is the case then the sale on these terms would be fair to Shareholders.



It is, however, possible that the offer from the third party, and the terms of the offer, may be less than the fair market value in which case:

- if the Continuing Shareholder is Mimran the sale would not be fair to Shareholders, as Mimran would receive a benefit to the extent of the excess of the fair value of the shares in BMCC over the purchase price; and
- If the Continuing Shareholder is Baobab Fertilizer the sale would be fair to Shareholders, as
 Mimran would not be receiving a benefit.

There may be reasons why either Baobab Fertilizer or Mimran may want to sell their shares to another party at less than fair value. Examples of this would include if they were to sell to a related party or if it was a forced sale situation.

If the offer from the third party, and the terms of the offer, are greater than the fair market value then:

- if the Continuing Shareholder is Mimran the sale would be fair to Shareholders, as Mimran would not receive a benefit but Baobab Fertilizer would to the extent of the excess of the fair value of the shares in BMCC over the purchase price; and
- o if the Continuing Shareholder is Baobab Fertilizer then the sale would not be fair to Shareholders, as Mimran would receive a benefit to the extent of the excess of the price that would be paid by Baobab Fertilizer over the fair value of the shares in BMCC.

Given the existence of possible outcomes that would not be fair in our opinion the Pre-emptive Rights for a Simple Transaction is not fair for Shareholders.

10.1.2. The Pre-emptive Rights - Complex Transaction

Under the Pre-emptive Rights where the consideration offered by the third party is not exclusively in cash it will be deemed to be a Complex Transaction. In a Complex Transaction the sale of the shares may form part of a wider transaction such as a merger or the consideration may take the form of equity, preferential rights or another non-cash form. In this situation the selling shareholder must also specify the following in the Transfer Notice, in addition to the details noted in section 10.1.1:

- A valuation of the shares; and
- A valuation of the consideration offered in order to allow the Continuing Shareholder to exercise the Pre-emptive Right exclusively in cash.

If Baobab Fertilizer and Mimran do not agree on the value then an expert will be appointed which will be a world-renowned audit firm independent from both parties ('the Expert'). The price ('the Expert Price') at which the Pre-emptive right will then be set by the Expert whose decision will be final and binding subject to the following:

- If the Expert Price for the shares is between 95% and 105% of the price offered by the third party, then the price offered by the third party will apply. This is on the basis that the price offered reflects approximate fair market value;
- If the Expert Price for the shares is higher than 105% of the price offered by the third party or less than 95% then the Expert Price will apply. This is on the basis that the price offered by the third party does not reflect the fair market value.



The process to be adopted by the Expert in determining the fair value of the consideration offered as set out in the Shareholders' Agreement is the appropriate process to arrive at a value that can be considered to be the fair market value of the shares to be sold. Given this process that is set out in the Shareholders' Agreement any transfer of shares in BMCC to either Baobab Fertilizer or Mimran will be approximate to fair value and therefore in our opinion the Pre-emptive Rights for a Complex Transaction is fair for Shareholders.

10.2 The Mimran Call Option

Other than with Mimran's agreement Avenira is obliged not to transfer any securities in Baobab Fertilizer to anyone other than another wholly owned subsidiary such that Avenira is no longer the 100% beneficial owner of Baobab Fertilizer. The intention of this obligation is to ensure that all or part of Avenira's 80% interest in BMCC is not able to be transferred to a third party without Mimran's consent.

If Avenira breaches this obligation then Mimran will have the right to acquire all of the shares in BMCC held by Baobab Fertilizer unless the breach is remedied within 10 days. The terms of the Mimran Call Option are that Mimran will have the right to buy the shares in BMCC held by Baobab Fertilizer for a price determined by agreement by the parties, or failing that by an Expert.

The appointment of the Expert and the process for arriving at the Expert Price are the same as set out for the Pre-emptive Right Complex Transaction scenario (see section 10.1.2). However, under the Mimran Call Option Mimran will have the right to buy the shares in BMCC at 80% of the Expert Price. As this will be only 80% of the fair market value of the shares in our opinion the Mimran Call Option is not fair for Shareholders.

10.3 The Mimran Put Option

If approved by Shareholders, under the Shareholders' Agreement Baobab Fertilizer will grant to Mimran the right to require Baobab Fertilizer to purchase from Mimran the shares that Mimran holds in BMCC if a change of control occurs in Avenira. Once the Mimran Put Option has been exercised Baobab Fertilizer may not then exercise the Baobab Fertilizer Call Option.

The mechanism for setting the price for the sale of shares by Mimran to Baobab Fertilizer under the Mimran Put Option is set out in the Shareholders' Agreement and is precisely the same mechanism as for setting the price for the purchase of shares by Baobab Fertilizer under the Baobab Fertilizer Call Option.

The price to be paid under both the Mimran Put Option and the Baobab Fertilizer Call Option will be determined by the auditors of Avenira.

For the purpose of calculating the purchase price, the auditors of Avenira shall have regard to:

- The value that a willing buyer would pay if acquiring the shares in BMCC held by Mimran from a
 willing seller on arm's length terms, but without any premium for control or any discount for
 minority interests;
- The use of various methodologies such as sum of the parts, discounted cash flow, multiples, comparable transactions; and
- The value of the Avenira shares in the transaction which gave rise to the change in control of Avenira.



Within 14 days of receiving the auditor's certificate of value either Mimran or Baobab Fertilizer may dispute the value determined by the auditor, in which case the disputing party may appoint an alternative independent valuer, being another internationally recognised firm of accountants ('the Option Expert'), who will have regard to the same points set out above in arriving at its valuation.

The Option Expert's determination on price will be final and binding on both Mimran and Baobab Fertilizer.

Given this process, any purchase of shares in BMCC by Baobab Fertilizer under the Mimran Put Option will be at fair value and therefore in our opinion the Mimran Put Option is fair for Shareholders.

10.4 The Baobab Fertilizer Call Option

If approved by Shareholders, under the Shareholders' Agreement Mimran will grant to Baobab Fertilizer the right to require Mimran to sell to Baobab Fertilizer the shares that Mimran holds in BMCC if a change of control occurs in Avenira. Once the Baobab Fertilizer Call Option has been exercised Mimran may not then exercise the Mimran Put Option.

The mechanism for setting the price for the purchase of shares by Baobab Fertilizer from Mimran under the Baobab Fertilizer Call Option is set out in the Shareholders' Agreement and is precisely the same mechanism as for setting the price for the sale of shares by Mimran under the Mimran Put Option. This mechanism is explained in section 10.3 above.

As explained in section 10.3 given the price setting process, any purchase of shares in BMCC by Baobab Fertilizer under the Baobab Fertilizer Option will be at fair value and therefore in our opinion the Baobab Fertilizer Call Option is fair for Shareholders.

11. Is the Proposal fair?

Our opinion on the fairness of the Options is summarised below

Option	Fairness opinion	Basis of opinion
Pre-emptive Right - simple transaction	Not Fair	The continuing shareholder need only match the price and terms offered by a third party purchaser and those price and terms may not reflect the fair value of the shares.
Pre-emptive Right - complex transaction	Fair	The price will be determined at a value determined by an independent expert.
Mimran Call Option	Not Fair	The price will be at 80% of the value determined by an independent expert.
Mimran Put Option	Fair	The price will be determined at a value determined by Avenira's auditor or an independent expert
Baobab Fertilizer Call Option	Fair	The price will be determined at a value determined by Avenira's auditor or an independent expert

As components of the Proposal are not fair our overall opinion on the Proposal is required to be that it is Not Fair.



12. Is the Proposal reasonable?

In assessing whether the Proposal is reasonable to Shareholders we have considered the advantages and disadvantages to Shareholders of approving the Proposal and the consequences for the Company and hence Shareholders of not approving the Proposal. These considerations are set out below.

12.1 Advantages of Approving the Proposal

We have considered the following advantages when assessing whether approving the Proposal is reasonable for Shareholders.

Advantage	Description
The ability for Mimran to block indebtedness will be avoided	Under the Shareholders' Agreement certain actions taken by BMCC are reserved to require the consent of a majority of BMCC's directors with such consent to include the consent of the Mimran representative directors in order to be valid. If Shareholder approval is not obtained for the Options then these reserved matters are extended to include: • The incurrence of indebtedness of more than US\$500,000; • the amendment of the terms of such indebtedness; the creation or occurrence of any encumbrances on the assets of BMCC in connection with such indebtedness. If the Proposal is approved then Mimran's consent to the above matters will not be required. This is an advantage to Shareholders and is considered further in Section 12.3 of this Report.
Avoids the potential for Mimran to take a less collaborative approach to the management of BMCC.	Under the Shareholders' Agreement certain actions taken by BMCC are reserved to require the consent of a majority of BMCC's directors with such consent to include the consent of the Mimran representative directors in order to be valid. If the Resolution is not approved then this may result in Mimran being willing to give consent to such matters which include:
	 approval to enter into agreements with governmental authorities in connection with the Large Mine operation permit. The distribution of dividends; and Company reorganisations. If the Proposal is approved it is possible that the risk of Mimran actively using its required consent to block decisions that may be beneficial to Shareholders will be reduced.
Alignment of the interests of Shareholders and Mimran	Mimran's associated company, Tablo, holds a 19.9% interest in Avenira. As such there is already an alignment between the interests of Mimran and Shareholders with regards to the success of BMCC. If the Proposal is approved then this alignment will be reinforced at the BMCC shareholding level too.



12.2 Disadvantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage Description Overall the Proposal We have assessed the fairness of the five elements of the Options separately. As set out in is not fair Section 11 we have assessed that overall the Proposal is not fair since two of the five elements are not considered to be fair. If a purchase of BMCC shares occurs by either Baobab Fertilizer or Mimran as a simple transaction under the under the Pre-emptive Right then this may be at less than fair value in which case this would not be fair to Shareholders. The Continuing Shareholder has the right to acquire the other party's shares in BMCC by matching the price and terms of an offer received from a third party. Such an offer could be: At the fair value of the shares in BMCC in which case the sale will be fair; Above the fair value of the shares in BMCC in which case: If Baobab Fertilizer is acquiring shares in BMCC from Mimran, then Mimran will receive a benefit to the extent of the excess of the price paid over the fair value of those shares. This is a disadvantage to Shareholders If Baobab Fertilizer is selling the shares in BMCC to Mimran then Mimran will not receive a benefit since Baobab Fertilizer will receive more than the fair value of the BMCC shares. This is an advantage to Shareholders. Below the fair value of the shares in BMCC in which case: If Baobab Fertilizer is acquiring shares in BMCC from Mimran, then Mimran will not receive a benefit since Baobab Fertilizer will acquire the shares at less than the fair value of the BMCC shares. This is an advantage to Shareholders. If Baobab Fertilizer is selling shares in BMCC to Mimran, then Mimran will receive a benefit to the extent of the excess of the fair value of the BMCC shares over the price paid. This is a disadvantage to Shareholders. Overall this is a disadvantage to Shareholders as there is no certainty as to the outcome of a transaction under the Pre-emptive Rights if it is a simple transaction and such a transaction would not require any further Shareholder approval. If a purchase of BMCC shares occurs by Mimran under the Mimran Call Option then Baobab Fertilizer will only receive 80% of the fair value of the BMCC shares as consideration. This will not be fair to Shareholders. However, we note that the Mimran Call Option can only be exercised by Mimran in the event that Avenira transfers any of its shares in Baobab Fertilizer to an entity that is not a wholly-owned subsidiary of Avenira. This is in the control of the Board of Avenira and it is reasonable to assume that the Board of Avenira would have reference to the potential exercise of the Mimran Call Option if such a transfer of shares in Baobab Fertilizer was to be contemplated. As such it is reasonable to assume that a transfer would not be undertaken unless, when taken as a whole including the potential exercise of the Mimran Call Option, it is beneficial for the Company and hence Shareholders.



12.3 Consequences of not approving the Proposal

In considering whether the Proposal is reasonable for Shareholders we have also considered the following consequences if the Proposal is rejected.

Consequence	Description				
Impact on the Large Mine Operation Plan	On 25 August 2016 the Company announced that first production was underway at the Baobab Project. In its June 2016 Quarterly Activities Report Avenira stated that following the commencement of production the Company's priority will be to secure the necessary approvals to move from the current SMP to a full Mine Permit to enable increased production. This is referred to as the Large Mine Project (LMP).				
	Whilst the SMP is a fast tracked strategy to get into early stage production for Avenira but it has a finite life. The LMP is key to unlocking further value for Shareholders from the Baobab Project. In order to achieve this, the resource base needs to expanded and a large mine plan needs to be developed which will require investment in capital expenditure to enable the strategy and for the beneficiation of product.				
	If the Proposal is not approved Mimran's consent will be required before BMCC can enter into any indebtedness of more than US\$500,000. If BMCC is unable to borrow the funds to progress and develop the LMP then this will be an impediment to accessing increased value from the Baobab Project and will be a significant disadvantage to Shareholders.				
	Without access to debt funding an alternative approach for the LMP to be funded would be through the reinvestment of funds earned from the SMP which will delay the LMP until sufficient funds are accumulated from this source.				
	It would not be possible for debt or equity that is raised at the Avenira level to be used for this purpose as BMCC would not be able to enter into any agreement to borrow these funds.				
BMCC may need to consider alternative funding sources if debt cannot be accessed	Under the 31 January 2016 Subscription Agreement, Avenira received US\$11.25 million from the issue of shares to Tablo. Since then this has been the main source of funding for Avenira's working capital and its contribution to the Baobab Project.				
	Avenira's June 2016 Appendix 5B (Quarterly Cash Report) shows that at 30 June 2016 Avenira had cash on hand of A\$24,468,000 and that estimated cash outflows for the September 2016 quarter are A\$17,262,000. Given this rate of cash outflows it is likely that further funds will be required in the near future and the most beneficial way of obtaining these funds for Shareholders, to avoid dilution, would be through debt. This will not be possible, without Mimran's consent, if the Proposal is not approved.				

Based on our assessment in our opinion the Proposal is reasonable for Shareholders.



13. Conclusion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is not fair but reasonable to Shareholders.

In our opinion, the Proposal is not fair because whilst certain elements of the Proposal will result in a fair outcome for Shareholders others may not. Therefore our opinion on the overall Proposal is that it is not fair for Shareholders. However, we consider the Proposal to be reasonable because the advantages of the Proposal to Shareholders are greater than the disadvantages. In particular, many elements of the Proposal are fair for Shareholders and if the Proposal is approved BMCC will not dependent on receiving consent from Mimran to access debt funding to progress the development of the Baobab Project.

14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Avenira for the year ended 30 June 2015;
- Reviewed financial statements of Avenira for the six months ended 31 December 2015;
- The BMCC shareholders' agreement dated 31 January 2016;
- The subscription agreement dated 31 January 2016 between Avenira and Tablo Corporation;
- Share registry information;
- Avenira's ASX announcements, quarterly reports and shareholder presentations;
- Information in the public domain; and
- Discussions with Directors and Management of Avenira.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$22,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Avenira in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Avenira, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Avenira, Mimran and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Avenira, Mimran and their associates.

A draft of this report was provided to Avenira and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

17. Disclaimers and consents

This report has been prepared at the request of Avenira for inclusion in the Explanatory Memorandum which will be sent to all Avenira Shareholders. Avenira engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposal.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld.



The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Adam Myers

Director

Director



Appendix 1 - Glossary of Terms

Reference	Definition					
The Act	The Corporations Act 2001 Cth					
ASIC	Australian Securities and Investments Commission					
ASX	Australian Securities Exchange					
Avenira	Avenira Limited					
Baobab Fertilizer	Baobab Fertilizer Africa					
Baobab Fertilizer Call Option	The option for Baobab Fertilizer to require Mimran to sell its shares in BMCC to Baobab Fertilizer in the event of a change of control of Avenira					
Baobab Project	The Company's 80% owned Baobab Phosphate Project					
BDO	BDO Corporate Finance (WA) Pty Ltd					
ВМСС	Baobab Mining and Chemicals Corporation SA					
BPL	Bone Phosphate of Lime					
The Company	Avenira Limited					
The Continuing Shareholder	The shareholder of BMCC, either Baobab Fertilizer or Mimran, which will remain as a shareholder of BMCC following a share sale transaction					
Corporations Act	The Corporations Act 2001 Cth					
The Expert	The independent expert appointed to determine the transfer price under the Pre- emptive Rights in the event of a complex transaction					
The Expert Price	The determined by the Expert under the Pre-emptive Rights in the event of a complex transaction					
GFC	Global Financial Crisis					
JDCP	JDC Phosphate Inc					
JORC Code 2012	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012					
LMP	The Large Mine Project					
Miminvest	Miminvest SA					



Reference	Definition					
Mimran	Mimran Natural Resources					
Mimran Call Option	The option for Mimran to acquire Baobab Fertilizer's shares in BMCC in the event that Avenira breaches certain clauses of the Shareholders' Agreement relating to the transfer by Avenira of shares in Baobab Fertilizer other than to a wholly owned subsidiary					
Mimran Put Option	The option for Mimran to require Baobab Fertilizer to acquire Mimran's shares in BMCC in the event of a change of control of Avenira					
The Option Expert	The independent expert appointed to set the price for a transfer of shares under the Mimran Put Option					
The Options	Together all of the Pre-emptive Rights, the Boabab Fertilizer Call Option, the Mimran Call Option and the Mimran Put Option					
The Pre-emptive Rights	The pre-emptive rights for Mimran or Baobab Fertilizer to acquire or dispose of shares in BMCC in the event that the other shareholder proposes to sell their shares to a third party					
The Proposal	The approval of the Options as set out in Resolution 10 in the accompanying Notice of Meeting					
PSE	Plan Senegal Emergent					
Regulations	Corporations Act Regulations 2001 (Cth)					
Our Report	This Independent Expert's Report prepared by BDO					
RG 111	Content of expert reports (March 2011)					
RG 112	Independence of experts (March 2011)					
Shareholders	Shareholders of Avenira not associated with Mimran					
SMP	Small Mine Permit					
Tablo	Tablo Corporation					
Transfer Notice	A notice by a shareholder of BMCC to the other shareholder setting out the price and terms offered and the identity of an offer received for their BMCC shares by a third party					

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The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008

Australia



ABN 48 116 296 541



AFV MR SAM SAMPLE FLAT 123 123 SAMPLE STREET THE SAMPLE HILL SAMPLE ESTATE SAMPLEVILLE VIC 3030

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Proxy Form XX



Vote and view the annual report online

- •Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: 19999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



🌣 For your vote to be effective it must be received by 10:30am (WST) Monday, 28 November 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE, or turn over to complete the form



MR SAM SAMPLE FLAT 123 123 SAMPLE STREET THE SAMPLE HILL SAMPLE ESTATE SAMPLEVILLE VIC 3030

ST

l	Change of address. If incorrect,
J	mark this box and make the
	correction in the space to the left.
	Securityholders sponsored by a
	broker (reference number
	commences with 'X') should advise
	your broker of any changes



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Proxy Form	1
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Please mark 🔀 to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Avenira Limited hereby appoint

	_
the Chairperson OR of the Meeting	PLEASE NOTE: Leave this box blank if you have selected the Chairperson of the Meeting. Do not insert your own name(s'
	Weeting. Do not insert your own hame(

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Avenira Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 30 November 2016 at 10:30am (WST) and at any adjournment or postponement of that Meeting.

Chairperson authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairperson of the Meeting as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Resolutions 1, 9 and 11 - 14 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 9 and 11 - 14 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairperson.

Important Note: If the Chairperson of the Meeting is (or becomes) your proxy you can direct the Chairperson to vote for or against or abstain from voting on Resolutions 1, 9 and 11 - 14 by marking the appropriate box in step 2 below.

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		€ot	Against	Abstain			€ot	Against	Absta
Resolution 1	Adoption of Remuneration Report				Resolution 9	Increase in non- executive Directors' fees			
Resolution 2	Election of Mr Farouk Chaouni as a Director				Resolution 10	Approval of BMCC Options			
Resolution 3	Election of Mr David Mimran as a Director				Resolution 11	Approval of Grant of Options to Mr Richard Block			
Resolution 4	Election of Dr Christopher Pointon as a Director				Resolution 12	Approval of Grant of Options to Mr Ian McCubbing			
Resolution 5	Re-election of Mr Richard Block as a Director				Resolution 13	Approval of Grant of Options to Dr Christopher Pointon			
Resolution 6	Re-election of Mr Timothy Cotton as a Director				Resolution 14	Approval of the grant of Director Performance Rights			
Resolution 7	Ratification of Issue of Shares					to Mr Mark Clifford Lawrenson			
esolution 8	Ratification of Issue of Shares				Resolution 15	Approval of additional 10% share issue capacity			

Signature of Securityholder(s) This section must be completed.

Individual or Securityholder 1 Securityholder 2 Securityholder 3

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Sole Director and Sole Company Secretary	Director	Director/Company Secretary
	Contact	

Computershare

