



AVIRA ENERGY
LIMITED

ABN: 38 131 715 645

Avira Energy Ltd.
Suite 1305, Level 13,
109 Pitt Street, Sydney
NSW 2000, Australia

T: 61 2 9262 1122

10th August 2017

Via email: isabella.wong@asx.com.au

Ms Isabella Wong

ASX Compliance Pty Ltd

20 Bridge Street

Sydney

NSW 2000

Dear Ms Wong,

In reference to your letter dated 7th August 2017 please find below the Company's responses to the questions posed by the ASX (numbered 1 to 6):

1. *ASX Question: Does AVW expect that it will continue to have negative operating cash flows for the time being and, if not why not?*

AVW Response:

Yes, like most exploration entities, AVW does expect to have negative operating cash flows for the time being.

2. *ASX Question: Has AVW taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

AVW Response:

- On 3rd August 2017, AVW announced a placement for \$100,000 to raise funds for general working capital purposes and to pursue due diligence work on potential investment opportunities.
- AVW intends to raise further funds requiring shareholder approval as the placement referred to above has utilized most of AVW's 15% placement capacity under Listing Rule 7.1. The amount and price of the fundraising is still under consideration.



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3. *ASX Question: Does AVW expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

AVW Response:

In order to continue operations AVW needs to address the following:

- As announced to the market on 17th May 2017, Niflheim Resources Pte Ltd ('Niflheim') extended a \$200,000 loan to AVW at nil interest rate, expiring within 3 months. AVW needs to secure an extension to the expiry date of 17th August 2017. Niflheim has been approached about extending the loan terms and negotiations are still underway to resolve this.
- As announced to the market on 31st July 2017, Niflheim has granted an extension to the expiry date of the \$1.8m Conditional Secured Converting Note due from MGT Mining Limited to Niflheim to 15th August 2017. MGT Mining Limited has been in continual discussions with Niflheim since 28th June 2017 to negotiate an agreement to extinguish the debt. Discussions are ongoing and still underway to resolve this. An announcement will be made to the market as soon as definitive agreements have been signed. Should definitive agreements not be signed by 15th August 2017, then MGT Mining Limited will need to seek a further extension to the expiry date.
- As per AVW's response to Question 2 above, AVW intends to raise further funds to fund ongoing operations and will update the market once formal agreements have been signed.
- As announced to the market on 22nd June 2017, Armstrong Industries HK Limited ('Armstrong') has signed a Termination Deed and Subscription Agreement relating to Preference shares for the \$1,500,000 Convertible Note that is due on 11 November 2017. This is subject to shareholder approval and AVW will be issuing a Notice of Meeting for a general meeting to be held at the end of September 2017, shortly.



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- As announced to the market on 22nd June 2017, Joseph Capital (Hong Kong) Limited ('Joseph') has signed a Termination Deed for the \$500,000 Convertible Note that is due on 19 October 2017 by agreeing to extinguish the Convertible Note and all remaining interest due and payable via the transfer of 16,949,176 Cauldron Energy Limited ordinary shares held by AVW. This is subject to shareholder approval and AVW will be issuing a Notice of Meeting for a general meeting to be held at the end of September 2017, shortly.
4. *ASX Question: Please provide any other information that AVW considers may be relevant to ASX forming an opinion on whether AVW is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).*

AVW Response:

Please refer to response to Question 3.

5. *ASX Question: Please confirm that AVW is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.*

AVW Response:

AVW confirms that AVW is in compliance with ASX Listing Rule 3.1 and that is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.



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6. *ASX Question: Please confirm that AVW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an office of AVW with delegated authority from the board to respond to ASX on disclosure matters.*

AVW Response:

The Board of Directors of AVW have authorized and approved the above responses.

Yours sincerely,

Jacqueline Butler
Company Secretary



7 August 2017

Ms Jacqueline Butler
Company Secretary & Chief Financial Officer
Avira Energy Limited
Suite 1305 Level 13
109 Pitt Street
Sydney NSW 2000

By email

Dear Ms Butler,

Avira Energy Limited (“AVW”) - Appendix 5B Query

I refer to AVW’s Appendix 5B quarterly report for the period ended 30 June 2017 lodged with ASX Market Announcements Platform on 31 July 2017 (the “Appendix 5B”).

ASX notes that AVW has reported:

- negative net operating cash flows for the quarter of \$240,000;
- cash at the end of the quarter of \$215,000; and
- estimated cash outflows for the next quarter of \$328,000.

It is possible to conclude, based on the information in the Appendix 5B that if AVW were to continue to expend cash at the rate indicated by the Appendix 5B, AVW may not have sufficient cash to continue funding its operations. In view of that, ASX asks AVW to respond separately to each of the following questions and requests for information:

1. Does AVW expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has AVW taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does AVW expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that AVW considers may be relevant to ASX forming an opinion on whether AVW is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that AVW is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that AVW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AVW with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by **not later than 9:30am AEDT on Thursday, 10 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in AVW's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AVW's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to AVW's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AVW's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AVW's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Isabella Wong

Adviser, Listings Compliance (Sydney)