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ABN 48 116 296 541

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Avenira Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors submit their report on the consolidated entity consisting of Avenira Limited and the entities it controlled (Avenira or the Group) at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year to the date of this report are:

Brett Clark (Executive Chairman)

Kevin Dundo (Non-Executive Director)

Winnie Lai Hadad (Non-Executive Director)

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

REVIEW OF OPERATIONS

The review of operations should be read in conjunction with the half-year statements, the consolidated annual financial report of the Group as at 30 June 2020 and considered together with any public announcements made by the Group during the half-year ended 31 December 2020 in accordance with continuous disclosure requirements of the Corporations Act 2001.

HIGHLIGHTS

- Jundee South historic data compilation review completed
- Maiden Jundee Aircore Drilling program completed with two potential gold trends identified
- Five high priority targets tested by first-pass aircore drilling
- \$3.4 million Placement and Entitlements Issue

JUNDEE SOUTH GOLD PROJECT, Australia WA (Avenira 100%)

The Yandal Greenstone belt is located in the north-eastern part of the Norseman-Wiluna belt of the Archaean Craton in Western Australia. It is one of few Archaean greenstone belts containing multiple million-ounce deposits, including Jundee, Bronzewing and Darlot (Figure 1).

The Jundee South Project area is located within 3km of the Jundee Mine and covers more than a 60km strike length of highly prospective greenstone stratigraphy. The project area contains major regional structures interpreted to control gold mineralisation throughout the Yandal Greenstone Belt and contains a number of historically defined gold occurrences.

Access is via a well-established road system. Accommodation and facilities including flight services are well established in the district, given the number of operating mines in the area.

Directors' Report

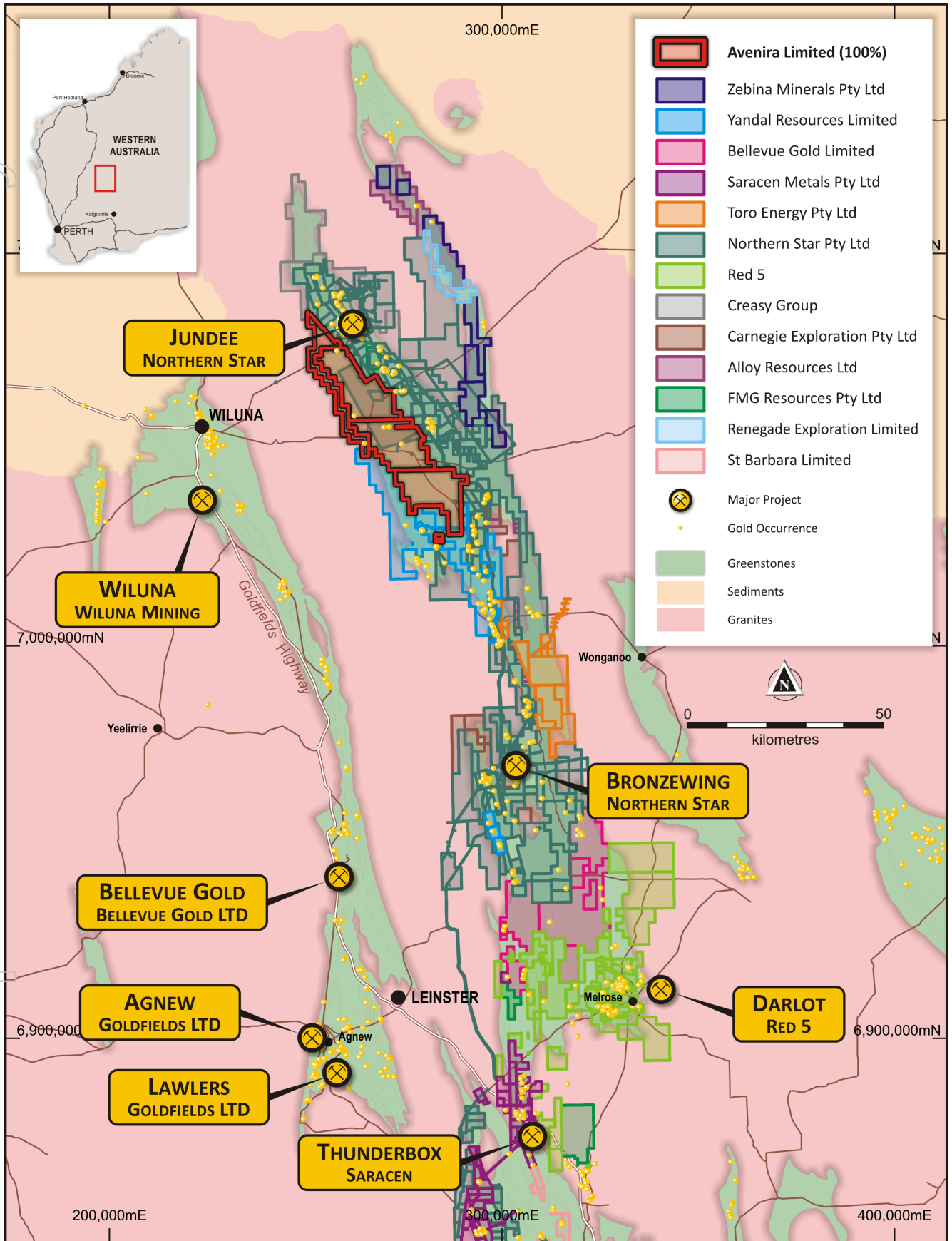


Figure 1: Jundee South Project location map

Directors' Report

Drilling Program

A drilling program was designed to test eight Priority 1 targets and six Priority 2 targets identified from an assessment of all available geologic, geochemical and geophysical information obtained on the Jundee South Gold Project.

A total of 259 aircore holes were drilled for 20,147 metres. This comprised 247 holes for 19,134 metres, testing all accessible Priority 1 and 2 targets. Characteristic geological features of lithologies, structures, and alteration comparable to nearby gold projects, were identified in the Priority 1 areas.

An additional 12 holes were drilled for 1,013 metres to confirm the grades, lithologies, and structures from selected historic RAB intercepts.

Figure 2 shows the locations of holes drilled and summary statistics for each target

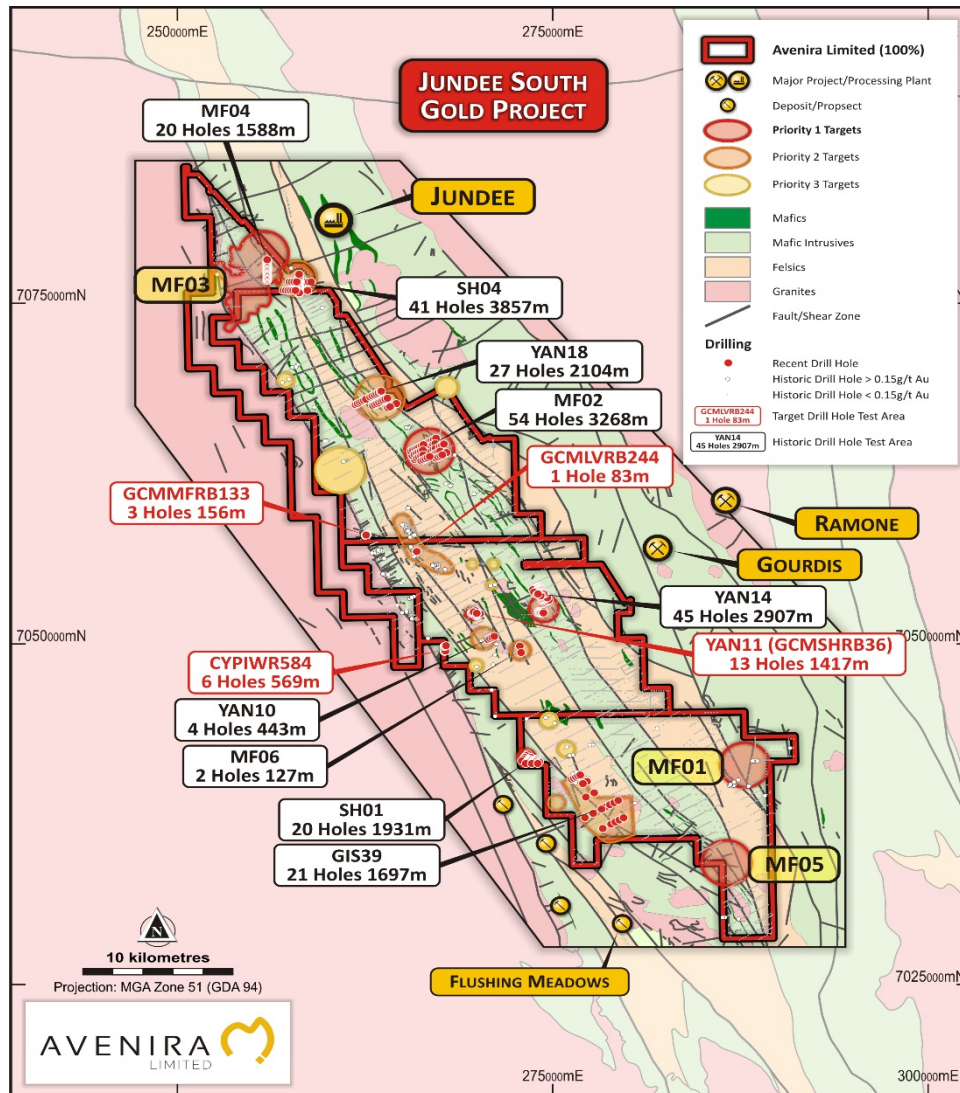


Figure 2. Location of Aircore holes drilled and summary statistics for targets tested.

Directors' Report

Jundee South Data Compilation

During the period, Avenira completed a review of historical drilling data covering its Jundee South Project (the Project), which covers 720km² in the Yandal Greenstone Belt in Western Australia. This was disclosed previously in the ASX release dated 27 October 2020.

A total of 6,158 historic drill holes were located throughout the Project after an extensive effort collecting, collating, interpreting and summarising information and data.

Historic Hole	Intersection	Including
AVAC133	20m@0.76g/t Au from 92m	4m@2.05g/t Au from 96m
emcMRAB11a	16m@1.41g/t Au from 32m	8m@2.21 g/t Au from 36m
gcmLVRB220	4m@4.63g/t Au from 0m	
gcmLVRB244	8m@5.74g/t Au from 32m	4m@11.30 g/t Au from 32m
gcmLVRC14	9m@1.43g/t Au from 95m	1m@3.68 g/t Au from 97m and 4m@2.04 g/t Au from 100m
gcmSHRB36	4m@9.68g/t Au from 84m	2m@12.90 g/t Au from 85m
gcmWWRB102	20m@0.67g/t Au from 56m	8m@1.07 g/t Au from 56m
gcmWWRC1	19m@1.10g/t Au from 106m	13m@1.41 g/t Au from 109m and 1m@3.30 g/t Au from 112m

Directors' Report

WONARAH PHOSPHATE PROJECT, Australia NT (Avenira 100%)



Figure 3. Wonarah Location map.

The Wonarah Phosphate Project is considered to be one of Australia's largest phosphate projects:

- Measured Resource of 64.9 Mt @ 22.4% P₂O₅
- Indicated Resource of 133 Mt @ 21.1% P₂O₅
- Inferred Resource of 352 Mt @ 21% P₂O₅ (15% cut-off)

The Company undertook a visit to the Northern Territory during the period to update stakeholders on the status of the project.

Avenira owns the exclusive Australian licence rights for an advanced super phosphoric acid production technology with Novophos Inc', a private company in the United States.

Directors' Report

TENEMENTS AND MINERAL RESOURCE STATEMENT

Schedule of Avenira Limited Tenements as at 31 December 2020

Location	Tenement Name	Tenement	Nature of Company's Interest
Western Australia	Jundee South	E53/1856	100%
Western Australia	Jundee South	E53/1859	100%
Western Australia	Jundee South	E53/2078	100%
Western Australia	Jundee South	E53/2079	100%
Northern Territory	Arruwurra	EL29840	100%
Northern Territory	Wonarah	EL29849	100%
Northern Territory	Dalmore	EL32359	100%

Mineral Resource Statement

WONARAH PROJECT, NORTHERN TERRITORY, AUSTRALIA												
Cut off P ₂ O ₅ %	Resource Category	Tonnes Mt	P ₂ O ₅ %	Al ₂ O ₃ %	CaO %	Fe ₂ O ₃ %	K ₂ O %	MgO %	MnO %	Na ₂ O %	SiO ₂ %	TiO ₂ %
10	Measured	78.3	20.8	4.85	28	1.11	0.43	0.25	0.04	0.1	39.7	0.21
	Indicated	222	17.5	4.75	23.2	1.49	0.47	0.2	0.04	0.09	48.3	0.22
	M+I	300	18.3	4.77	24.4	1.4	0.46	0.21	0.04	0.09	46.1	0.22
	Inferred	512	18	4.8	24	2.1	0.5	0.2	0.08	0.05	46	0.2
15	Measured	64.9	22.4	4.47	30	1.1	0.37	0.19	0.04	0.09	37	0.19
	Indicated	133	21.1	4.77	28	1.53	0.47	0.21	0.04	0.09	39.7	0.22
	M+I	198	21.5	4.67	28.7	1.39	0.44	0.2	0.04	0.09	38.8	0.21
	Inferred	352	21	4.5	28	2.0	0.5	0.2	0.10	0.06	39	0.2

Competent Persons Statement

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Steve Harrison, a part-time contractor to Avenira, from the DMIRS WAMEX database. He is satisfied that previous pertinent exploration in the project area has been accessed and reflects, in general, the prospective nature of the tenements being considered. Mr Harrison is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Harrison consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

Previously Reported Results

There is information in this report relating to Mineral Resource estimates which was previously reported on 15 Mar 2013 and 30 Apr 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Directors' Report

INVESTMENTS AND CORPORATE INFORMATION

Fully Underwritten Entitlements Issue and Placement

In the half year, Avenira completed a Placement and Entitlements Issue to raise a total of A\$3.4 million (before costs)

The Placement comprised 277.28 million New Shares, issued at \$0.008 per Share to raise \$2.2 million (before costs).

The Company also undertook a non-renounceable pro-rata entitlements issue (Entitlements Offer), under which eligible shareholders will have the opportunity to subscribe for two New Shares for every seven existing shares held at the same issue price of \$0.008 per share.

The Entitlements Issue raised a further \$1.2 million (before costs) and was fully underwritten by Taylor Collison.

FINANCIAL REVIEW

During the half year ended 31 December 2020 the Group reported an operating loss after tax of \$1,087,394 (half-year ended 31 December 2019: loss of \$4,241,658).

As at 31 December 2020 the total cash balance was \$2,424,281 (31 December 2019: \$2,774,536).

SUBSEQUENT EVENTS

On 8 March 2021, the Company entered into a \$3 million, 3 year loan agreement with an interest rate of 8% pa and a mining mortgage and security over the Company's Wonarah Project and specified listed securities.

The terms of the agreement allow for the Lender may elect to convert the loan into ordinary shares in the Company based on the 30 day VWAP of the Company's shares prior to the conversion date.

The loan agreement is conditional on the Company obtaining shareholder approval which will be sought at a general meeting of the Company.

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

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

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



Brett Clark
Chairman / CEO

Perth, 11 March 2021

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of Avenira Limited for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


BENTLEYS
Chartered Accountants


DOUG BELL CA
Partner

Dated at Perth this 11th day of March 2021

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		31 December 2020 \$	31 December 2019 \$
INCOME			
Interest income		12,651	10,323
Other income		10,940	-
EXPENDITURE			
Depreciation and amortisation expense		(17,672)	(11,931)
Salaries and employee benefits expense		(415,395)	(446,844)
Impairment of exploration and evaluation expenditure	4	(43,705)	(61,953)
Interest expense		(2,600)	(536)
Share based payment expense	5	(77,919)	(374,051)
Net foreign currency gain/(loss)		70	616
Administrative and other expenses		(553,764)	(1,082,739)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS		(1,087,394)	(1,967,115)
INCOME TAX BENEFIT		-	-
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(1,087,394)	(1,967,115)
Discontinued Operations			
Net gain / (loss) after tax for the year from discontinued operations		-	(2,274,543)
PROFIT/(LOSS) FOR THE PERIOD		(1,087,394)	(4,241,658)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
<i>Items that may be reclassified subsequently to Profit or Loss, net of tax</i>			
Exchange differences arising during the period		-	119,851
Recycled to the profit and loss on derecognition of controlled entity		-	2,332,312
		-	2,452,163
Net fair value gain / (loss) on financial assets measured at fair value through OCI		366,211	-
Other comprehensive income / (loss) for the period, net of tax		366,211	2,452,163
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		(721,183)	(1,789,495)
Income / (Loss) for the period is attributable to:			
Owners of Avenir Limited		(1,087,394)	(3,884,530)
Non-controlling interest		-	(357,128)
		(1,087,394)	(4,241,658)
Total comprehensive income / (loss) for the period is attributable to:			
Owners of Avenir Limited		(721,183)	(1,789,495)
Non-controlling interest		-	-
		(721,183)	(1,789,495)
LOSS PER SHARE			
<i>From continuing operations</i>			
Basic profit per share (cents)		(0.15)	(0.24)
Diluted profit per share (cents)		(0.15)	(0.24)
<i>From total operations</i>			
Basic profit / (loss) per share (cents)		(0.15)	(0.51)
Diluted profit / (loss) per share (cents)		(0.15)	(0.51)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	Consolidated	
		31 December 2020	30 June 2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,424,281	1,288,337
Other receivables		118,044	109,139
TOTAL CURRENT ASSETS		2,542,325	1,397,476
NON-CURRENT ASSETS			
Trade and other receivables		1,481,600	1,481,600
Financial assets	3	866,204	424,993
Plant and equipment		3,700	3,796
Capitalised exploration and evaluation expenditure	4	7,230,403	6,344,326
Right-of-use asset		66,772	84,348
TOTAL NON-CURRENT ASSETS		9,648,679	8,339,063
TOTAL ASSETS		12,191,004	9,736,539
CURRENT LIABILITIES			
Trade and other payables		277,899	361,023
Lease liability		37,336	35,816
Provisions		25,384	6,415
TOTAL CURRENT LIABILITIES		340,619	403,254
NON-CURRENT LIABILITIES			
Provisions		1,739,674	1,739,674
Lease Liability		36,999	55,986
TOTAL NON-CURRENT LIABILITIES		1,776,673	1,795,660
TOTAL LIABILITIES		2,117,292	2,198,914
NET ASSETS		10,073,712	7,537,625
EQUITY			
Issued capital	6	140,516,513	137,337,162
Reserves	7	18,238,206	25,259,540
Accumulated losses	7	(148,681,007)	(155,059,077)
TOTAL EQUITY		10,073,712	7,537,625

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	Attributable to Owners of Avenir Limited					Non-Controlling Interest	Total
		Issued Capital	Reserves	Accumulated Losses	Total			
		\$	\$	\$	\$	\$		
BALANCE AT 30 JUNE 2019		142,280,149	27,014,485	(149,389,359)	19,905,275	(3,427,261)	16,478,014	
Profit/(loss) for the period		-	-	(3,884,530)	(3,884,530)	(357,128)	(4,241,658)	
Other comprehensive income for the period		-	2,452,163	-	2,452,163	-	2,452,163	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	2,452,163	(3,884,530)	(1,432,367)	(357,128)	(1,789,495)	
Shares cancelled during the period		(4,942,987)	-	-	(4,942,987)	-	(4,942,987)	
Share based payments		-	374,051	-	374,051	-	374,051	
Discontinued operations		-	(4,649,041)	(357,130)	(5,006,171)	3,784,389	(1,221,782)	
BALANCE AT 31 DECEMBER 2019		137,337,162	25,191,658	(153,631,019)	8,897,801	-	8,897,801	
BALANCE AT 30 JUNE 2020		137,337,162	25,259,540	(155,059,077)	7,537,625	-	7,537,625	
Profit/ (loss) for the period		-	-	(1,087,394)	(1,087,394)	-	(1,087,394)	
Other comprehensive income for the period		-	366,211	-	366,211	-	366,211	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	366,211	(1,087,394)	(721,183)	-	(721,183)	
Shares cancelled in the period		-	-	-	-	-	-	
Shares issued during the period		3,376,783	-	-	3,376,783	-	3,376,783	
Share issue transaction costs		(197,432)	-	-	(197,432)	-	(197,432)	
Share based payments	5	-	77,919	-	77,919	-	77,919	
NCI Reserve transfer		-	(7,465,464)	7,465,464	-	-	-	
BALANCE AT 31 DECEMBER 2020		140,516,513	18,238,206	(148,681,007)	10,073,712	-	10,073,712	

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		31 December 2020	31 December 2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,033,322)	(3,121,375)
Payment of interest		(2,600)	(536)
Interest received		3,746	5,665
Proceeds from other income		10,940	3,561
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(1,021,236)	(3,112,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests		-	(169,204)
Payments for mine development		-	(962,814)
Payments for exploration expenditure		(929,782)	(61,953)
Payments for plant and equipment		-	(3,700)
Purchase of financial instruments		(75,000)	-
Refund from security deposits		-	1,527
Proceeds from sale of discontinued operations, net of cash disposed		-	4,284,234
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(1,004,782)	3,088,090
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,376,791	-
Transaction costs on issue of shares		(197,432)	-
Proceeds from loans and borrowings		-	3,024,515
Repayment of loans and borrowings		-	(674,950)
Payment of lease liabilities		(17,467)	(1,066)
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,161,892	2,348,499
NET DECREASE IN CASH AND CASH EQUIVALENTS		1,135,874	2,323,904
Cash and cash equivalents at the beginning of the period		1,288,337	300,544
Effects of exchange rate changes on cash and cash equivalents		70	150,088
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,424,281	2,774,536

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

Notes to the Consolidated Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION**(a) Reporting Entity**

The financial report of Avenira Limited and its subsidiaries (collectively, Avenira or the Group) for the six months ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11 March 2021.

Avenira Limited (the Company) is a for profit company limited by shares, domiciled and incorporated in Australia, whose shares are publicly traded. The company's principal place of business is Suite 6, 100 Mill Point Road, South Perth WA 6008.

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

(b) Basis of preparation

The interim financial report for the half-year reporting period ended 31 December 2020 is a general purpose condensed financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: Interim Financial Reporting.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Avenira Limited and its controlled entities (Avenira or the Group) as the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual report of the Group for the year ended 30 June 2020 and considered together with any public announcements made by Avenira during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim financial report has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020 except for new accounting policies outlined at 1(d).

(c) Going concern

The condensed interim financial report has been prepared on a going concern basis. The Directors believe the Company, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

(d) New standards, interpretations and amendments adopted by the Group*Standards and Interpretations applicable to 31 December 2020*

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Notes to the Consolidated Financial Statements (cont.)
HALF-YEAR ENDED 31 DECEMBER 2020
2. SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 December 2020 and 2019, respectively.

	WONARAH (NORTHERN TERRITORY) \$	JUNDEE SOUTH (WESTERN AUSTRALIA)	UNALLOCATED – OTHER SEGMENTS \$	TOTAL CONSOLIDATED \$
Six months ended 31 December 2020				
Income				
Interest income	6,941	-	5,710	12,651
Other income	10,000	-	940	10,940
Total segment income	16,941	-	6,650	23,591
Impairment of non-current assets	(43,705)	-	-	(43,705)
Salaries, administrative and other expenses	(18,852)	-	(1,030,756)	(1,049,608)
Depreciation and amortisation	-	-	(17,672)	(17,672)
Segment net loss before tax	(45,616)	-	(1,041,778)	(1,087,394)
Tax Benefit	-	-	-	-
Segment net loss after tax	(45,616)	-	(1,041,778)	(1,087,394)
Total net loss per statement of profit or loss and other comprehensive income				(1,087,394)
Segment assets				
Capitalised exploration and evaluation expenditure	5,889,800	1,340,603	-	7,230,403
Plant and equipment	-	-	3,700	3,700
Other assets at balance date	1,497,173	-	3,459,728	4,956,901
Total segment assets	7,386,973	1,340,603	3,463,428	12,191,004
Segment liabilities				
Provisions	1,739,674	-	-	1,739,674
Other liabilities at balance date	798	-	376,820	377,618
Total segment liabilities	1,740,472	-	376,820	2,117,292
30 June 2020				
Income				
Interest income	23,471	-	12,209	35,680
Total segment income	23,471	-	12,209	35,680
Impairment of non-current assets	(596,960)	-	-	(596,960)
Salaries, administrative and other expenses	(38,926)	-	(2,725,555)	(2,764,481)
Depreciation and amortisation	-	-	(22,283)	(22,283)
Net loss on disposal of fixed assets	(883)	-	(46,246)	(47,129)
Segment net loss before tax	(613,298)	-	(2,781,875)	(3,395,173)
Tax Benefit	-	-	-	-
Segment net loss after tax	(613,298)	-	(2,781,875)	(3,395,173)
Loss from sale of subsidiary				(2,274,543)
Total net loss per statement of profit or loss and other comprehensive income				(5,669,716)

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2020

2. SEGMENT INFORMATION (continued)

30 June 2020	WONARAH (AUSTRALIA) \$	JUNDEE SOUTH (WESTERN AUSTRALIA) \$	UNALLOCATED – OTHER SEGMENTS \$	TOTAL CONSOLIDATED \$
Segment assets				
Capitalised exploration and evaluation expenditure	5,889,800	454,526	-	6,344,326
Plant and equipment	-	-	3,796	3,796
Other assets at balance date	1,497,095	-	1,891,322	3,388,417
Total segment assets	7,386,895	454,526	1,895,118	9,736,539
Segment liabilities				
Provisions	1,739,674	-	-	1,739,674
Other liabilities at balance date	954	-	458,286	459,240
Total segment liabilities	1,740,628	-	458,286	2,198,914

3. FINANCIAL ASSETS

	31 December 2020 \$	30 June 2020 \$
Fair value of financial assets through OCI – listed ^(Level 1)	781,204	414,993
Fair value of financial assets through OCI – unlisted ^(Level 3)	85,000	10,000
	866,204	424,993

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2020

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

	31 December 2020 \$	30 June 2020 \$
<i>Reconciliation of movements of exploration and evaluation costs in respect of areas of interest</i>		
Opening net carrying amount	6,344,326	5,889,800
Capitalised exploration and evaluation costs	929,782	601,312
Increase in rehab provision	-	450,174
Impairment of exploration and evaluation expenditure	(43,705)	(596,960)
Closing net carrying amount	7,230,403	6,344,326

	31 December 2020 \$	30 June 2020 \$
<i>Closing net carrying amount represented by the following projects</i>		
Jundee South Project	1,340,603	454,526
Wonarah Phosphate Project	5,889,800	5,889,800
Closing net carrying amount	7,230,403	6,344,326

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

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

The 2019 report revealed fair values for the Wonarah Project ranging from \$6,010,000 to \$16,020,000, based on a range of resource multiples derived from recent transactions and enterprise values of market participants with defined phosphate mineral resources (level 3 in the fair value hierarchy).

The Directors considered that the low end of the independent expert's range remaining is to be the most representative of the fair value less costs of disposal of the Wonarah Project. As a result, during the reporting period an amount of \$43,705 was impaired and recognised in the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount is calculated as \$5,889,800 after allowing for estimated costs of disposal.

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

5. SHARE BASED PAYMENTS

2020	Vesting Date	Issued During the Year	Expiry Date	Exercise Price	Value per option grant day (cents)
Grant Date: 31 August 2020		-			
Tranche 1	31/08/2020	6,000,000	07/09/2023	0.025	0.007
Tranche 2	31/08/2020	6,000,000	07/09/2023	0.035	0.006
		12,000,000			

The fair value of the options granted during the year were calculated using the Black Scholes option pricing model applying the following inputs for each tranche of option:

Tranche 1 – 2 cent options		Tranche 2 – 3 cent options	
Options issued	6,000,000	Options issued	6,000,000
Measurement Date	31/08/2020	Measurement Date	31/08/2020
Share price at measurement date	0.014	Share price at measurement date	0.014
Exercise price	0.025	Exercise price	0.035
Fair value at grant date	0.007	Fair value at grant date	0.006
Volatility	100%	Volatility	100%
Expiry date	07/09/2023	Expiry date	07/09/2023
Risk free rate	0.23%	Risk free rate	0.23%

For the six months ended 31 December 2020, the Group has recognised \$77,919 of share-based payment expense in the statement of profit or loss (31 December 2019: \$374,051). The weighted average fair value of the options granted during the period was \$0.0075.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2020

6. ISSUED CAPITAL

	31 December 2020		30 June 2020		
	Notes	Number of shares	\$	Number of shares	\$
(a) Share capital					
Ordinary shares fully paid		862,852,818	140,516,513	440,754,926	137,337,162
Total share capital		862,852,818	140,516,513	440,754,926	137,337,162
(b) Movements in ordinary share capital					
Beginning of the financial period		440,754,926	137,337,162	1,058,628,242	142,280,148
Transactions during the period:					
– Shares cancelled		-	-	(617,873,316)	(4,942,987)
– Issue of shares @ \$0.008		66,113,238	528,906	-	-
– Issue of shares @ \$0.008		74,966,928	599,735	-	-
– Issue of shares @ \$0.008		69,850,964	558,808	-	-
– Issue of shares @ \$0.008		136,878,660	1,095,029	-	-
– Issue of shares @ \$0.008		48,900,070	391,201	-	-
– Issue of shares @ \$0.008		25,388,032	203,104	-	-
Less: transaction costs		-	(197,432)	-	-
End of the financial period		862,852,818	140,516,513	440,754,926	137,337,162

	Number of options	
	31 December 2020	30 June 2020
(c) Movements in unlisted options on issue		
Beginning of the financial period	48,000,000	80,000,000
Expired during the period	-	(80,000,000)
Issued during the period		
– 2 cent options, 30 Nov 2022 ⁽¹⁾	-	24,000,000
– 3 cent options, 30 Nov 2022 ⁽²⁾	-	24,000,000
– 2.5 cent options, 7 Sept 2023	6,000,000	
– 3.5 cent options, 7 Sept 2023	6,000,000	
End of the financial period	60,000,000	48,000,000

⁽¹⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

⁽²⁾ Subsequent to the approval at the Annual General Meeting held 29 November 2019 Director options totalling 24,000,000 were issued

7. RESERVES AND ACCUMULATED LOSSES

	31 December 2020	30 June 2020
	\$	\$
a) Reserves		
Financial assets at fair value through OCI	434,093	67,882
Foreign currency translation	128,765	128,765
Share-based payments	17,675,348	17,597,429
Non-controlling interest reserve ⁽¹⁾	-	7,465,464
Total reserves	18,238,206	25,259,540
b) Accumulated losses		
Balance at the beginning of the financial year	(155,059,077)	(149,389,359)
Net loss attributable to the owners of Avenira Limited	(1,087,394)	(5,669,718)
NCI reserve transfer ⁽¹⁾	7,465,464	-
Balance at end of the year	148,681,007	(155,059,077)

⁽¹⁾ As the Group no longer has any non-controlling interests, the NCI reserve for transactions with non-controlling interests has been derecognised and transferred to accumulated losses.

Notes to the Consolidated Financial Statements (cont.)

HALF-YEAR ENDED 31 DECEMBER 2020

8. COMMITMENTS AND CONTINGENCIES

Since 30 June 2020 the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2020 annual report.

9. EVENTS AFTER THE REPORTING PERIOD

On 8 March 2021, the Company entered into a \$3 million, 3 year loan agreement with an interest rate of 8% pa and a mining mortgage and security over the Company's Wonarah Project and specified listed securities.

The terms of the agreement allow for the Lender may elect to convert the loan into ordinary shares in the Company based on the 30 day VWAP of the Company's shares prior to the conversion date.

The loan agreement is conditional on the Company obtaining shareholder approval which will be sought at a general meeting of the Company.

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

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DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) the financial statements and notes of Avenira Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date;
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board.



Brett Clark
Chairman / CEO

Perth, 11 March 2021

Independent Auditor's Review Report

To the Members of Avenira Limited

Conclusion

We have reviewed the accompanying half-year financial report of Avenira Limited ("the Company") and Controlled Entities ("the Consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avenira Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of Avenira Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent Auditor's Review Report

To the Members of Avenira Limited (Continued)



Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 11th day of March 2021

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