



MGT MINING LIMITED ISSUES \$1,800,000 CONDITIONAL SECURED CONVERTING NOTE AND OPTION AGREEMENT

Avira Energy Limited's ('Avira' or 'AVW') 89.48% subsidiary, MGT Mining Limited ('MGTM'), has a secured loan of \$1,500,000 plus interest of 6.5% per annum payable at the time of redemption owing to Taimetco International Co. Limited ('Taimetco') that is due and payable on 31 March 2017. The loan is secured against all assets held by MGTM.

MGTM requires funding in order to repay the secured loan. Accordingly, it has entered into a \$1,800,000 conditional secured converting note and option agreement with Niflheim Resources Pte Ltd (a Company located in Singapore). The conditions of the proposed Converting Note and Option agreement ('Note') are as follows:

- The Note automatically converts into MGTM fully paid ordinary shares upon MGTM shareholder approval under s.611 item 7 of the Corporations Act. The total number of MGTM shares issuable is equal to 75% of MGTM shares on issue;
- MGTM will issue 70,000,000 options for no additional consideration to Niflheim Resources Pte Ltd exercisable at \$0.00561 per share within five years;
- The Note bears interest until it converts into shares at a rate of 10% per annum for the first two calendar months from the issue date and 15% per annum on and from the third calendar month from the issue date.
- MGTM must pay \$100,000 to AVW under the existing intercompany loan agreement ('Loan') and subsequently procure forgiveness of the balance of the Loan by AVW in full such that the Loan is extinguished. The Loan is fully provided for in the accounts of AVW.
- The Note is secured against all of MGT Mining's present and after-acquired assets, rights, interests and undertakings.

Once the \$1,800,000 is received it will be used to repay the \$1,500,000 Taimetco secured loan plus interest and \$100,000 will be transferred from MGTM to Avira to reduce the intercompany loan.

Following the Taimetco secured loan repayment, the current security will be released by Taimetco and similar security over MGTM's assets will be granted to Niflheim Resources Pte Ltd. Thereafter, the security over the assets of MGTM will be discharged and released on the earlier of the date on which the Note is converted and the date on which the Note is redeemed and paid.

ASX RELEASE

24 March 2017

ASX CODE

AVW

REGISTRY

Computershare

SHARES ON ISSUE

48,306,640

AVIRA ENERGY Limited

13.05/109 Pitt Street
Sydney NSW 2000
Australia

T: 61 2 9262 1122

F: 61 2 9299 5175

www.aviraenergy.com
admin@aviraenergy.com

ABN: 38 131 715 645

Upon MGTM shareholder approval, AVW will forgive the then intercompany loan between AVW and MGTM.

The above transaction will dilute Avira's shareholding in MGTM from 89.48% to approximately 22% (pre exercise of options) and to 19% (post exercise of options). Although this dilution is significant, it allows AVW to retain a meaningful stake in MGTM while continuing to focus on its stated strategy of investments in the energy sector.

Niflheim Resources Pte Ltd is not an existing shareholder of Avira or MGTM and are not associated with any director of Avira. No director of Avira holds shares in MGTM.

A notice of meeting for MGTM shareholders will be circulated in due course for the general meeting to approve the Niflheim Resources Pte Ltd Converting Note and Options which is anticipated being held late May/early June 2017.