



## SEPTEMBER QUARTERLY REPORT

### Exploration Activities Report

Quarter ended 30<sup>th</sup> September 2017

- During the September quarter, Avira Energy Limited ('Avira') continued to focus on capital restructuring and reviewing a number of potential proposals and investments.

## HIGHLIGHTS

- On 3 August 2017 Avira announced a placement for \$100,000 to Hong Kong Jingaofengda Business Co., Limited at \$0.01389 per share. The issue of 7.2m shares was ratified at a general meeting of Avira on 26 September 2017.
- Niflheim Resources Pte Ltd ('Niflheim') provided an extension to the \$200,000 secured loan between Avira and Niflheim to 31st of January 2018.
- On 22 August 2017, MGT Mining Limited ('MGTM') entered into a deed of termination with Niflheim Resources Pte Ltd ('Niflheim') whereby the \$1,800,000 Converting Note and all interest and fees payable will be extinguished via the transfer of tin assets and property, plant and equipment of MGTM to MGT Minerals Pty Ltd, Niflheim's associate. The transfer is subject to all necessary approvals required under the Corporations Act or any other law.
- On 22 August 2017, MGTM and MGT Minerals Pty Ltd also entered into an unsecured loan for a maximum of \$350,000 at an interest rate of 10% per annum, and it has been extended to 31st of January 2018. As at 30 September 2017, the loan had been drawn down by \$104,226.
- On 1 September 2017, Avira entered into a \$20,000 line of credit each with Directors, Jonathan Back, Gary Kuo and Christopher Chen. As at 30 September 2017, each line of credit was drawn down by \$15,000.
- On 26 September 2017, Avira held a general meeting to approve the conversion of the \$1.5m Armstrong Industries HK Limited ('Armstrong') Convertible Note into preference shares and to approve the extinguishment of the \$500,000 Convertible Note owing to Joseph Capital (Hong Kong) Limited ('Joseph Capital') via the transfer of 16,949,176 Cauldron Energy Limited ('Cauldron') ordinary shares held by Avira, to Joseph Capital or its nominee. Both resolutions were passed and on 26 September 2017, 8,839,835 preference shares were issued to Armstrong.

## QUARTERLY REPORT

September 2017

### ASX CODE

AVW

### REGISTRY

Computershare

### SHARES ON ISSUE

87,088,295

## AVIRA ENERGY Limited

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- On 28 September 2017, the Cauldron (ASX: CXU) ordinary shares were transferred to Joseph Energy (Hong Kong) Limited and the \$500,000 Convertible Note owing to Joseph Capital extinguished.
- On 28 September 2017, Avira announced that it had entered into a binding term sheet with Tartana Resources Limited over Tartana's Copper/Zinc deposits and prospects at Queen Grade, North Queensland.
- On 29 September 2017, Avira announced a placement for \$40,000 to Hong Kong Jinggaofengda Business Co., Limited at \$0.00877 per share. The 4.56m shares were issued on 3 October 2017 and will be put to a vote for ratification by shareholders at the upcoming annual general meeting of Avira in November.

Avira has cash reserves of \$53,000 as at 30<sup>th</sup> September 2017.



## **1. TARTANA JOINT VENTURE, NORTH QUEENSLAND**

**Includes: ML4819; ML4820; ML 5312 and ML20489**

Avira is pleased to announce that it has signed a binding term sheet with Tartana Resources Limited (Tartana) over Tartana's Copper/Zinc deposits and prospects at Queen Grade, Tartana and Tartana South located 40km west of Chillagoe, North Queensland.

The Tartana Copper/Zinc project comprises four granted Mining Leases (ML4819, ML4820, ML5312 and ML20489).

On closing of the transaction, Avira will acquire either:

- A 38.1% initial interest in Queen Grade for A\$1.0 million in cash or;
- A 48% initial interest in Queen Grade for A\$1.5m in cash.

Once Avira has completed its initial investment, Tartana and Avira will contribute on a pro-rata basis for future expenditures.

The deal is subject to shareholder approval under ASX Listing Rule 11.1.2 and is conditional on definitive documentation and financing.

Avira's obligations under the term sheet are subject to it successfully raising at least A\$1.0 million in cash for the purposes of funding the initial investment, by 30<sup>th</sup> October 2017.

## **2. SUMMER HILLS TIN PROJECT, QUEENSLAND (Avira 89.48%)**

**Includes: Summer Hills ML20547; Mt Veteran Mill ML4349; Nanyetta EPM25433; Valetta ML20066**

During the September quarter planning for a small scale drilling program at the Summer Hills Project was undertaken. A total of 187m in 3 holes comprising 59m of pre-collar drilling and 128m of PQ diamond core drilling is proposed. The program will focus on providing necessary geotechnical and metallurgical information for the project. A metallurgical surface and near surface sampling program has also been conducted and results are pending. This work has been carried out on behalf of MGT Minerals Pty Ltd in advance of them taking ownership of the projects whilst all necessary approvals are sought for the transfer of tin assets and property, plant and equipment at the Mount Garnet site to MGT Minerals Pty Ltd.

## **3. NYMBOOL PROJECT, QUEENSLAND (Avira 89.48%)**

**Includes Heads or Tails ML20655; Nymbool EPM16948; Nymbool West EPM25690; Fuzzy Hill EPM25716; Nymbool Extended EPM25347**

No significant exploration work was undertaken on the Nymbool Project during the September quarter.

#### **4. SOUTHERN QUEENSLAND PROJECTS (Avira 89.48%)**

Includes Yarrol EPM 8402; Mt Steadman EPM 12834; Gooroolba EPM 15426

No significant exploration work was undertaken on the Southern Queensland Project during the September quarter.

#### **5. PYRAMID GOLD PROJECT, QUEENSLAND (Avira 89.48%)**

Includes Pyramid EPM 12887; Pyramid 2 EPM25154; Pyramid 3 EPM 19554

No significant exploration work was undertaken on the Pyramid Project during the September quarter.

#### **6. MGT CORPORATE**

Cash

Cash at hand as at 30<sup>th</sup> September 2017 was \$53,000.

#### **General meeting**

Avira Energy Limited held a General Meeting on 26<sup>th</sup> September 2017. The resolutions put to shareholders were all passed.

#### **Further Capital Restructuring and Funding Required**

Directors are working towards further debt restructuring solutions for the \$200,000 secured loan owing from Avira Energy to Niflheim Resources Pte Ltd which is due and payable on 31 January 2018 and the unsecured loan, drawn down by \$104,226 as at 30 September 2017, between MGT Minerals Pty Ltd and MGT Mining Limited that expires on 31 January 2017.

Directors are also aware of need for further funding for working capital purposes and are working on solutions and will update the market in due course.

ENDS

**Investor and media enquiries:**

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## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Avira Energy Limited and its Controlled Entities

### ABN

38 131 715 645

### Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(100)	(100)
(b) development	-	-
(c) production	-	-
(d) staff costs (including Directors Fees)	(77)	(77)
(e) administration and corporate costs	(190)	(190)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(367)</b>	<b>(367)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	140	140
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	142	142
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>282</b>	<b>282</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period (Continuing operations)	138	138
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(367)	(367)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	282	282
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>53</b>	<b>53</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	53	53
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>53</b>	<b>53</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

(26)

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

(70)

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	60	45
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 1 September 2017, Avira Energy Limited entered into lines of credit of \$20k each with Directors Jonathan Back, Gary Kuo and Christopher Chen, expiring 16 October 2017. As at 30 September 2017, the lines of credit had been drawn down by \$15k each. On 12 October 2017, the lines of credit were extended to 30 November 2017 and had been drawn down by \$20k each.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	(11)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(70)
9.5 Administration and corporate costs	(123)
9.6 Other (Interest payments)	-
<b>9.7 Total estimated cash outflows</b>	<b>(204)*</b>

\* Directors are working towards capital raising solutions and will update the market in due course.

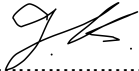
10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
.....  
(Company secretary)

Date: 30 October 2017

Print name: Gary Kuo.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.