



DECEMBER QUARTERLY REPORT

Exploration Activities Report

Quarter ended 31st December 2016

- During the December quarter, Avira Energy Limited ('Avira Energy') (formerly MGT Resources Limited) focused on capital restructuring and pursuing their uranium strategy.

HIGHLIGHTS

- MGT Energy Pty Limited (100% subsidiary of Avira Energy) signed a sale of tenement agreement with Paladin Energy Limited (Paladin) (ASX:PDN) group of companies in relation to a joint venture over the Manyingee Mining Leases (M08/86, M08/87, M08/88) (Manyingee Uranium Project) in North Western Australia. The transaction is conditional on all relevant approvals and is subject to Avira Energy financing.
- Mr Li Hai Jun, Non-Executive Director advised the board of Avira Energy that he would no longer be putting himself forward for re-election at the Annual General Meeting (AGM), and would tender his resignation. The Board of Avira Energy sincerely thank him for his valued contribution and significant input during his time on the Board, and wish him all the best for the future.
- Avira Energy is pleased to announce that Mr Rui Zhang agreed to be appointed as a Non-Executive Director of the company. Mr Zhang possesses 12 years of global experience in natural resources, exploration, development, mergers and acquisitions. Mt Zhang holds a Bachelor's degree in Geological Sciences and Economics as well as a Master of Science in Economic Geology and Exploration Geochemistry. He has over ten years' experience working on Uranium-related projects.
- Avira Energy advised shareholders that a 10 to 1 share consolidation approved by shareholders at the AGM on 30 November 2016 is complete. Following completion of the consolidation, the total number of Avira Energy shares on issue is 48,306,640 ordinary shares.
- A \$500,000 Convertible note was issued to Joseph Capital (Hong Kong) Limited on 19 October 2016.

Avira Energy has cash reserves of \$422,000 as at 31st December 2016.

QUARTERLY REPORT

December 2016

ASX CODE

AVW

REGISTRY

Computershare

SHARES ON ISSUE

48,306,640

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1. MANYINGEE JOINT VENTURE, WESTERN AUSTRALIA

Includes: M08/86, M08/87, M08/88

MGT Energy Pty Limited (100% subsidiary of Avira Energy) is pleased to announce that it has signed a sale of tenement agreement with Paladin Energy Limited over Manyingee Mining Leases (M08/86, M08/87, M08/88) in North Western Australia.

On closing of the transaction MGT Energy Pty Ltd will acquire a 30% initial interest in Manyingee for US\$10 million cash and will form a Joint Venture over the project with Paladin (Manyingee JV).

MGT Energy Pty Ltd will then have the option to acquire an additional 45% of Manyingee JV from Paladin for US\$20 million cash, exercisable for 12 months following Manyingee JV's preparation of a plan to conduct a field leach trial for uranium extraction by in-situ recovery method.

Under the terms of the agreement, Avira Energy will issue Paladin 2,683,750 options to subscribe for new Avira Energy shares outstanding for a period of 12 months from closing of the transaction at A\$0.60 per share; and 2,683,750 options to subscribe for new Avira Energy shares for a period of 24 months from closing of the transaction at A\$0.80 per share.

Paladin will issue Avira Energy 35,680,000 options to subscribe for new Paladin shares for a period of 12 months from closing of the transaction at A\$0.35 per share; and 35,680,000 options to subscribe for new Paladin shares for a period of 24 months from closing of the transaction at A\$0.45 per share.

The transaction is conditional on all relevant approvals and is subject to Avira Energy financing.

2. SUMMER HILLS TIN PROJECT, QUEENSLAND (MGT 89.48%)

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

Field work has been conducted at the Summer Hill prospect. The main purpose of this mapping and sampling work has been to determine whether a similar model as that for the Dalcouth prospect could be applied to the Summer Hill prospect. This work is in a preliminary stage.

3. SOUTHERN QUEENSLAND PROJECTS (MGT 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 December quarter.

4. NYMBOOL PROJECT, QUEENSLAND (MGT 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 December quarter.

5. PYRAMID GOLD PROJECT, QUEENSLAND (MGT 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 December quarter.

5. MGT CORPORATE

Cash

Cash at hand as at 31 December 2016 was \$422,000.

The Mt Garnet tin project continues to be on care and maintenance.

On 19 October 2016, Avira Energy issued a \$500,000 convertible note to Joseph Capital (Hong Kong) Limited. The unsecured convertible note will automatically convert into 1,515,152 Avira Energy fully paid shares at \$0.33 per Avira Energy share (on a post Consolidation basis) on the date that Avira Energy announces on the ASX the completion of the 30% acquisition of the Manyingee Mining Leases from Paladin.

Annual General meeting

Avira Energy Limited held its Annual General Meeting on 30 November 2016. All resolutions put to shareholders were passed.

Further Capital Restructuring & Proposed Rights Issue

Avira Energy intends to launch a rights issue in February/March 2017 in order to raise money to settle the payment sum of US\$10m for the Manyingee Mining Leases and the \$1.5m debt obligations owing to Armstrong Industries HK Limited upon completion of the Manyingee transaction.

Directors are working towards debt restructuring solutions for the \$1.5m secured loan owing from MGT Mining Limited (89.48% subsidiary of Avira Energy) to Taimetco International Co. Limited on 30 March 2017 & working capital requirements for the period until the rights issue closes & 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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(16)	(114)
(b) development	-	-
(c) production	-	-
(d) staff costs (including Directors Fees)	(121)	(303)
(e) administration and corporate costs	(213)	(469)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(61)	(338)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(410)	(1,222)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,000
3.2	Proceeds from issue of convertible notes	500	500
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(5)
3.5	Proceeds from borrowings	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	500	1,495

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	332	149
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(410)	(1,222)
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)	500	1,495
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	422	422

5. Reconciliation of cash and cash equivalents 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	422	332
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	422	332

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(45)
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(60)
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	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <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	-	-
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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(51)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(90)
9.5 Administration and corporate costs	(228)
9.6 Other (Interest payments)	(62)
9.7 Total estimated cash outflows	(431)*

* Avira Energy Limited intends to launch a rights issue in February/March 2017 in order to raise money to settle the payment sum for the US\$10m Manyingee Mining Leases & \$1.5m debt obligations owing to Armstrong Industries HK Limited. Directors are working towards debt restructuring solutions for the \$1.5m secured loan owing from MGT Mining Limited (89.48% subsidiary of Avira Energy Limited) to Taimetco International Co. Limited on 30 March 2017 & working capital requirements for the period until the rights issue closes & will update the market in due course.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	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:

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(Company secretary)

Date: ...31 January 2017

Print name: Jacqueline Butler.....

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.