

Mine Development proceeding

Fully funded; first product less than 6 months

Recommendation

BUY, High Risk

Price

21.5c

Valuation

33c

Commodity

Phosphate

- Mine development began in March and AEV has provided an update on mine site progress, showing significant progress in the pre-strip and general mine development
- Beer & Co affirms our base case valuation of 33c, based on today's commodity prices
 - Benchmark rock phosphate prices of US\$ 115/t, FOB
 - AUD-USD of 0.725 and EUR-USD 1.125
- Beer & Co believe there is significant upside potential to our valuation from
 - Better rock phosphate prices;
 - Success in the application of the Improved Hard Process, especially to AEV's Wonarah deposit and
 - Further development of phosphate mineralisation in Senegal

Snapshot

Market Cap	\$113m
Cash held	\$32.0m
Shares on Issue	523.9m
52 Week High	23.0c
52 Week Low	6.2 c
1 month / 6 month VWAP	21.8c / 17.3c

AEV is progressing the development of its SMP project

AEV continued to progress its Small Mine Permit project in Senegal

- Significant progress has been made in mine development;
- While the plant has been fabricated in South Africa, on-site, the foundations are being prepared to install the plant.

The rate of development gives Beer & Co confidence that first product will be delivered during the September quarter.

AEV : daily share price v. value traded



At the November 2015 AGM, shareholders agreed to change the company name from Minemakers (MAK.ASX) to Avenira (AEV).

AEV is now developing a mine in Senegal to produce phosphate (P₂O₅) rock, which is a key fertiliser input, and expects to ship product in 2016.

AEV's first project is on a Small Mine Permit, which is limited to 5km².

AEV has 1,553km² in tenement with significant mineralisation, which can be developed under a Mining Lease.

AEV has significant further potential from applying the Improved Hard Process to its Wonarah ore and to Baobab ore.

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AEV is fully funded

AEV's quarterly cashflow statement showed that AEV

- had \$32m in cash as at 31 March;
- had invested \$5.4m in the March quarter in project development; and
- expected to invest a further \$8.8m in the June quarter.

This should substantially complete the physical investment

Valuation affirmed

Beer & Co's risked valuation of AEV is 33c, based on current prices of

- US\$ 115/t for benchmark Phosphate rock; and
- AUD-USD rate 0.725 and EUR-USD of 1.125.

Further upside in AEV

Beer & Co sees many areas of potential further upside in AEV, from

- Improved commodity prices;
- Further mine developments in AEV's Baobab tenement area; and
- Success in the development of the Improved Hard Process.

Beer & Co affirms our BUY recommendation on AEV

Beer & Co's risked valuation is still a significant premium to the share price and Beer & Co sees significant further potential in AEV.

Beer & Co affirms our BUY, High Risk recommendation on AEV.

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Baobab SMP under development

Baobab SMP

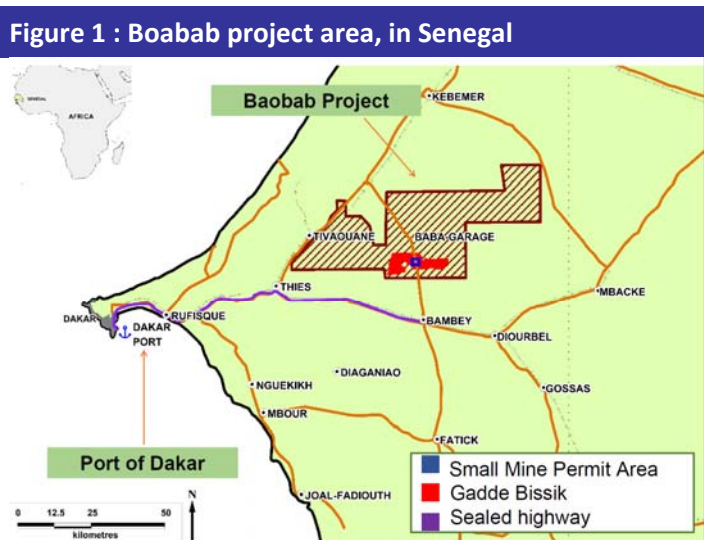
Figure 1 shows the tenement area held by the Baobab Mining and Chemicals Corporation (BMCC), in Senegal, in which AEV holds an 80% stake. It also shows :

AEV has 80% of the Baobab project.

- The initial project, in the Small Mine Permit (SMP), which is shown in blue, is only a very small part of the total project area;
- The area is well served with sealed roads nearby and an established road through the SMP area; and
- It is a modest distance, of about 145km by road, to the port of Dakar.

In Beer & Co's view, this is a simple project, with ample resources and suitable infrastructure and significant scope for further potential

Project development is advancing well



Source : AEV's ASX announcement, 25 May 2016 6

Figure 2 shows that significant progress has been made in mine development.

The ore horizon starts from about 30m below surface and Figure 2 shows the pre-strip, with the organic layer stockpiled separately and that the mine is down about 20m after 2 months of mining activity.

Figure 2a : Overburden removal in progress



Source : AEV's ASX announcement, 25 May 2016 6

Figure 2b : Two mining fleets in action

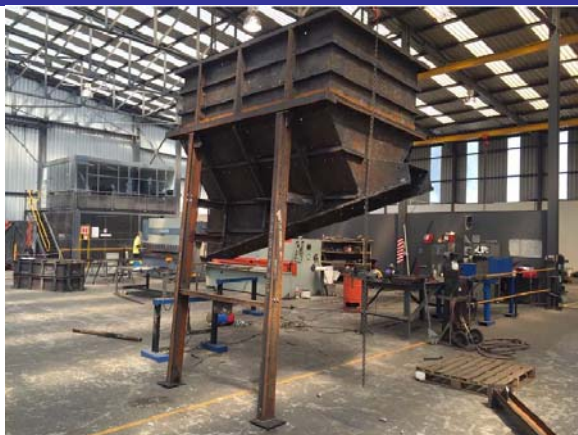


Source : AEV's ASX announcement, 25 May 2016 6

This suggests that a significant, mineable portion of the ore-body should be exposed during July.

Figure 3 is taken from AEV's quarterly report, from 21 April 2016. It shows that the processing plant had been significantly fabricated and was going through trial assembly.

Figure 3a : Process plant fabrication



Source : AEV March 2016 quarterly

Figure 3b : Off-site trial erection of plant



Source : AEV March 2016 quarterly

Figure 4 shows that the site in Senegal is being prepared to install the process plant, with the structural foundations being prepared.

Figure 4a : Foundations for processing plant



Source : AEV's ASX announcement, . 25 May 2016 6

Figure 4b : Structural foundations



Source : AEV's ASX announcement, . 25 May 2016 6

AEV is fully funded to bring the project into production.

The rate of "on the ground" progress gives Beer & Co confidence that first product will be shipped during the September quarter

First Product in September quarter, 2016

AEV's Appendix 5B for March 2016 showed that AEV

- had \$32m in cash as at 31 March;
- had invested \$5.4m in the March quarter in project development; and
- expected to invest a further \$8.8m in the June quarter.

The Appendix 5B showed that AEV is fully funded to get into production.

The pictures included in AEV's 25 May 2016 ASX announcement shows that AEV is well advanced with its on-site work.

This gives Beer & Co confidence that first product should be shipped from the mine during the September quarter, or less than 4 months from now.

Beer & Co affirms valuation

Commodity Prices

The key to valuation is projected commodity prices. In our valuation, Beer & Co has assumed, effectively, spot prices of

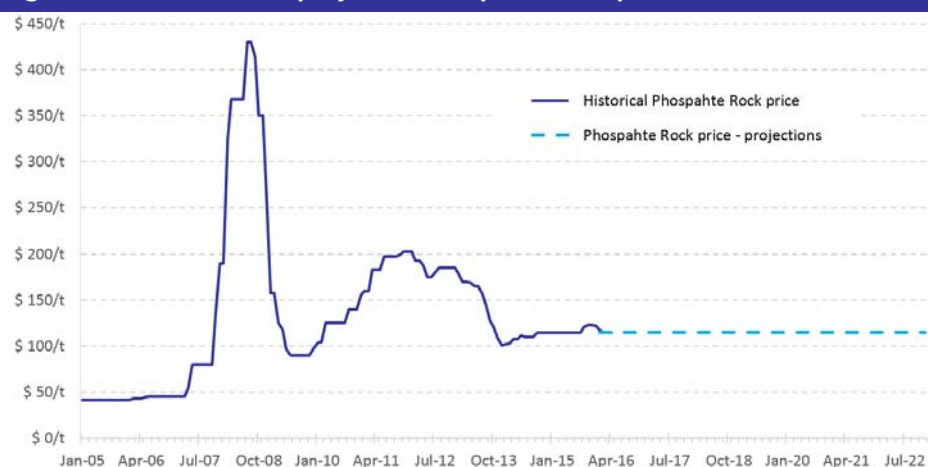
- US\$ 115/t for benchmark Phosphate rock; and
- AUD-USD rate 0.725 and EUR-USD of 1.125.

Figure 5 shows that Beer & Co's assumed phosphate rock price is about the lowest it has been at any time over the last 8 ½ years.

Figure 5 : Historical and projected Phosphate rock prices

Beer & Co's valuation is based on spot commodity prices

Commodity price upside potential can add to our valuation



Source : World Bank "pink sheets" Beer & Co

While Beer & Co believes there is upside to our projected price, we believe that the upside is incremental, rather than significant.

Valuation

Figure 6 shows the detail of Beer & Co's valuation. The detail was explained in our initiation report of 10 March 2016.

Beer & Co's risked, base case valuation is a significant premium to the current share price

There is significant further potential upside to our valuation

Beer & Co affirms our BUY, High Risk, recommendation

Figure 6 : Beer & Co valuation of AEV

discount rate = 12.0 %	risk :	30 June 2015		31-May-16	
		100%	Product	per share	
	Small Mine Permit	\$ 99m	\$ 84m	12.6 c	14.3 c
	Gadde Bissik East	\$ 157m	\$ 63m	9.4 c	10.6 c
	Other Baobab	\$ 83m	\$ 17m	2.5 c	2.8 c
	Gossas	\$ 5m	\$ 5m	0.7 c	0.7 c
	Wonarah	\$ 5m	\$ 5m	0.7 c	0.7 c
	I H P (Wonarah)	\$ 10m	\$ 10m	1.5 c	1.5 c
	JDC Phosphate	\$ 0m	\$ 0m	0.0 c	0.0 c
	Corporate	(\$ 30m)	(\$ 30m)	(4.5c)	(4.4c)
	Cash / Debt, etc	\$ 41m	\$ 41m	6.1 c	6.8 c
	TOTAL	\$ 370m	\$ 194m	29.1 c	33.0 c
	Shares on issue	247.2m	F P O shares	127.1m	Options
		276.7m	2015 - 16	103.1m	Ops. Ex'd
		40.0m	later		

Source : Beer & Co estimates

In Beer & Co's view, AEV is cheap in our base case valuation, and there is significant upside potential to our valuation.

This affirms our BUY, High Risk, recommendation.

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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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