

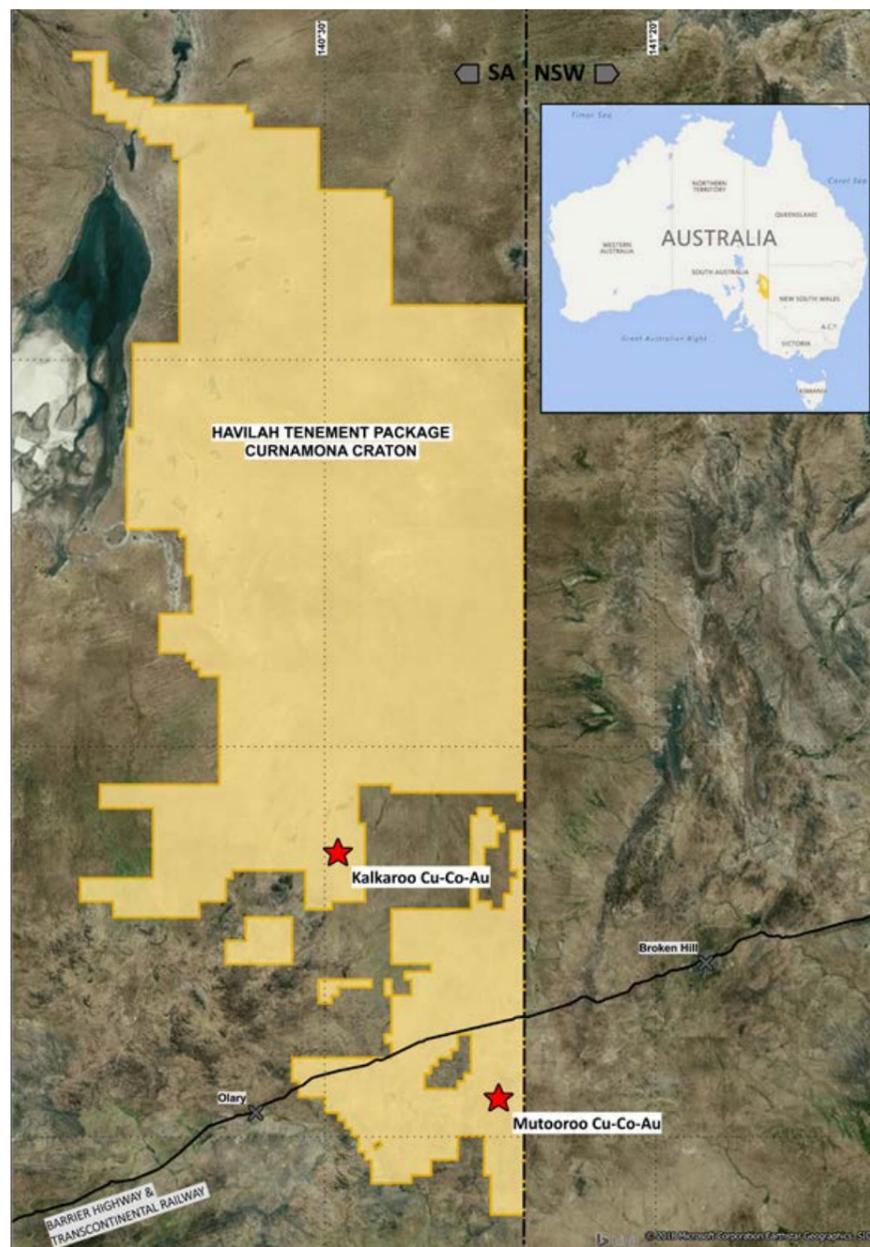


Havilah Resources

**ANNUAL REPORT
2018**

Exploration and Projects

Tenement Package: 16,586 km²
Commodity: Copper Cobalt Gold Iron Ore Uranium Lead Zinc Tin Molybdenum
Project Locations: 400 km NE of Adelaide, 95 km SW of Broken Hill
Head Office: 164 Fullarton Road, Dulwich SA 5065



As at 31 July 2018

COPPER JORC RESOURCES

1.3 Mt

COBALT JORC RESOURCES

31.6 Kt

GOLD JORC RESOURCES

3.2 Moz

KALKAROO MAIDEN ORE RESERVE

100.1 Mt

SIGNIFICANT TRANSACTION NORTH PORTIA DIVESTMENT

\$ 14.7 M

EXPLORATION TENEMENTS INCREASED BY

16%

| | | | |
|---|----|---|-----|
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Landscape at Grants Iron Ore Basin



"As I step down this year, it is apparent to me that more than ever before, Havilah has the opportunity to create tremendous shareholder value through development and commercialisation of its advanced projects and continuing focused exploration of its large strategic tenement holding."

-Kenneth Williams

Dear Shareholders,

It was with mixed feelings that I announced my intention to retire from the Havilah Board.

Having been appointed as an Independent Non-executive Director in November 2003 and elected as Chairman in November 2013, I have been privileged to lead Havilah on an exciting path. Whilst I would very much like to stay involved, after fifteen years it is now time for refreshed leadership at the Board level and an enhanced skill set to take the Company forward.

I am immensely proud of Havilah's achievements, particularly over the course of the last financial year. As always, there are many challenges ahead in the realisation of Havilah's full potential via the continued implementation of our *Copper Strategy - Enhanced by Cobalt*. I am confident these challenges will be overcome with a determined focus on shareholder value, strength of purpose, sound values and strong practical technical experience. These are the same qualities that we are seeking in the recruitment of my replacement.

This reinvigoration of the Board will complement our announcement in November 2017 of the internal appointment of Walter Richards to the position of CEO. Mr Richards' prior experience in project delivery at Newmont Mining Corporation and Stillwater Mining Company, underpinned by his strong finance credentials and negotiating capability were integral in delivering to Havilah the North Portia divestment in July this year. In doing so, he was ably supported by a strong leadership team with core capabilities in exploration, mine planning, metallurgy, permitting, project management and transaction execution. This, our first transaction deriving value from a non-core asset, was a significant milestone.

This has been another busy year for Havilah, as evidenced by the release of a large number of price sensitive ASX Announcements, many documenting important achievements in executing the *Copper Strategy - Enhanced by Cobalt*. Particularly noteworthy was recognition of the wider exploration potential of the Mutooroo Copper-Cobalt District, that came about by careful compilation of historic data and systematic surface sampling and mapping by the exploration team. Close proximity to the attractive Mutooroo copper-cobalt-gold deposit means that any resulting new discoveries will ultimately add to the Mutooroo Project resource inventory.

During the year we benefited greatly from the support of Wanbao, a large Beijing-based copper producer, who funded a significant amount of work on the Kalkaroo PFS. Another key highlight was the independently determined 100 million tonne maiden Ore Reserve, making Kalkaroo the largest undeveloped open pit copper-gold deposit in Australia on a copper equivalent basis.

Following expiry of the Kalkaroo exclusivity period, Havilah took control of the PFS and is extending the PFS metallurgical studies, with the objective of improving gold recoveries in oxidised ore and returning value from the appreciable cobalt in the deposit.

Havilah's tenement holding is our strategic resource bank from which we have established an advanced and growing multi-commodity portfolio. This provides Havilah with the opportunity to replace resources, that are joint ventured or sold, through new discoveries. Havilah's successful exploration track record and knowledge of the Curnamona Craton heightens discovery odds. This portfolio includes many other assets, that can potentially generate appreciable value in the longer term in the right commodity cycle.

For example, SIMEC Mining's current due diligence on our Maldorky and Grants iron ore deposits may eventually lead to a transaction and creation of shareholder value through exploitation of these assets.

As I step down this year, it is apparent to me that more than ever before, Havilah has the opportunity to create tremendous shareholder value through development and commercialisation of its advanced projects and continuing focused exploration of its large strategic tenement holding in South Australia. I do so with great confidence that Havilah has in place the necessary skills, strategy and leadership team to achieve this objective.

A handwritten signature in dark ink, appearing to read 'K Williams', written in a cursive style.

Kenneth Williams

Independent Non-executive Chairman

MEET THE LEADERSHIP TEAM



Walter Richards, Chief Executive Officer & Company Secretary
BComm (Hons)(Accountancy), MSPM, CA, CA(SA), ACMA

Walter Richards has more than 20 years' experience working in various roles in the mining industry in South Africa, USA, Ghana and Australia, focusing on project management and project development. He joined Havilah during April 2014 in the role of Chief Financial Officer & Company Secretary. During November 2017, Walter was appointed as the Chief Executive Officer of Havilah. Prior to commencing at Havilah, he worked for Newmont Mining Corporation in a variety of roles, including that of Regional Vice President – Finance, Africa during the project development and construction of its Akyem mine in Ghana, West Africa, as well as for the Stillwater Mining Company in the USA as Project Controller.



Lucie Price, Tenement Manager
BSc (Hons) (Geology)

Lucie Price has over 32 years' experience in the exploration industry. This includes 10 years in the role of Project Geologist for CRA Exploration in Victoria, New South Wales, South Australia and Western Australia exploring for brown coal, mineral sands, gold, copper, lead, zinc and diamonds in addition to underground mine experience at the Cobar Mine in New South Wales. She has been a Tenement Manager for more than 20 years, initially in the Northern Territory for Normandy Exploration and subsequently in South Australia for Havilah since 2004. In addition to her role as Tenement Manager, Lucie manages Havilah's native title matters.



Andy Price, Chief Geologist
BAppSc (Geology)

Andy Price has 32 years' experience in the exploration and mining industry encompassing a broad range of commodities and mineralisation styles in Western Australia, Queensland, the Northern Territory and South Australia. These include IOCG in the Gawler Craton, Curnamona Craton and Cloncurry districts, shear hosted gold in the Central Gawler Gold province, WA Archaean Gold systems, SEDEX and other base metal exploration in the McArthur and Amadeus Basins, MVT base metals in the Daly Basin, diamonds in NT and gold and base metals exploration in the Granites-Tanami district. Prior to his appointment as Chief Geologist during March 2017, Andy had worked for Havilah for a period of approximately 10 years on the Mutooroo, Kalkaroo, and Maldorky deposits together with regional exploration in the Curnamona Craton.



Richard Buckley, Senior Mine Planning Engineer
BEng (Mining)

Richard Buckley has over 25 years' experience and specialises in resource evaluation, mine planning and optimisation. Prior to joining Havilah during July 2017 on a full-time basis, he worked for Maptek for over 20 years on the implementation and customisation of mine planning software and systems for a wide range of clients and commodities. It was as a Maptek consultant to Havilah that Richard worked on all of Havilah's projects becoming intimately familiar with them.



Anya Hart, Project Development Manager
BEng (Hons) (metallurgical), MEBM (environmental and business management)

Anya Hart has technical qualifications combined with over 20 years' operational experience in the South Australian resources sector. She joined Havilah on 14 August 2017 having previously worked at Iron Road, Eyre Iron, Terramin and the Whyalla Steelworks. Anya has extensive experience in projects at various stages of development from exploration through to development and operation, often in complex, sensitive social and environmental settings. In her current role, Anya has oversight of all Havilah projects through the permitting and feasibility phases.



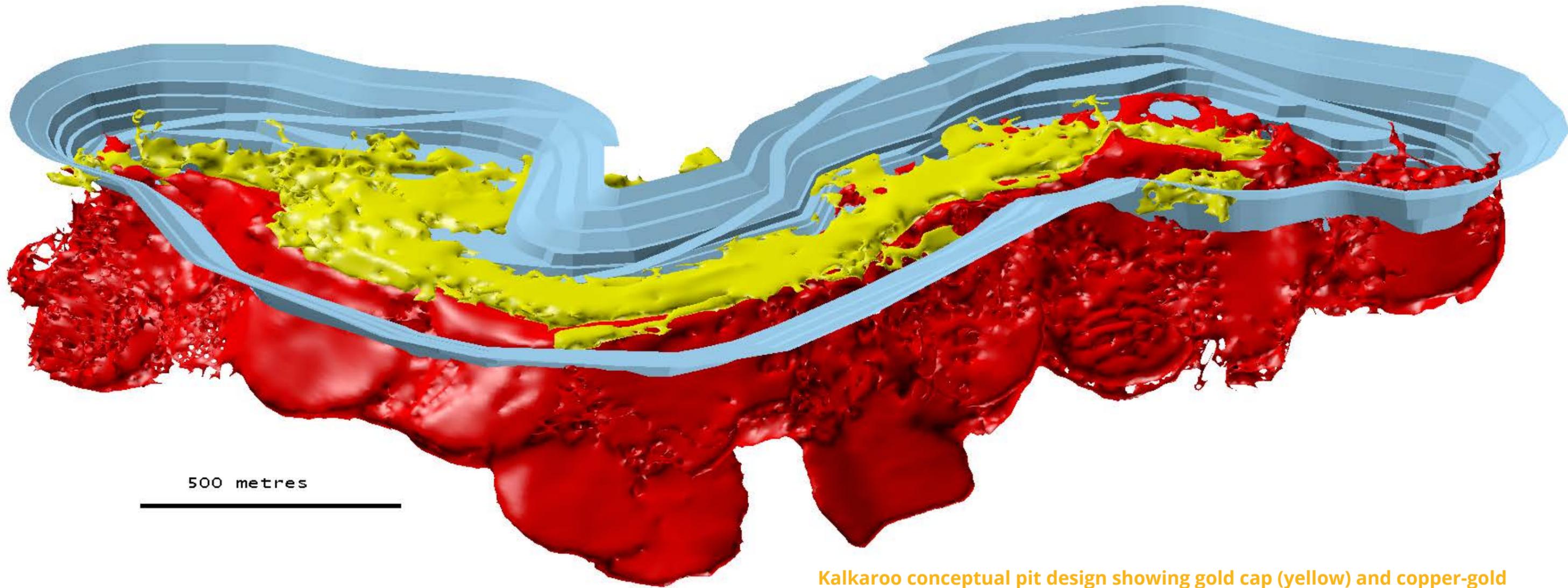
Sara Jovanovich, Financial Controller
BAcc, CPA

Sara Jovanovich joined Havilah in the role of Management Accountant during January 2017 and was appointed Financial Controller during August 2017. She has over 20 years' of accounting experience, primarily gained within the mining industry. Her previous work experience includes accounting roles with WMC Resources Ltd at the Olympic Dam underground operation in Roxby Downs and BMA Coal in its open cut coal operation at Goonyella Riverside mine, and most recently in a senior role for BHP focused on internal budgeting and reporting for their Olympic Dam operations.



Claire Redman, Business Manager & Company Secretary
BIntSt (Hons)

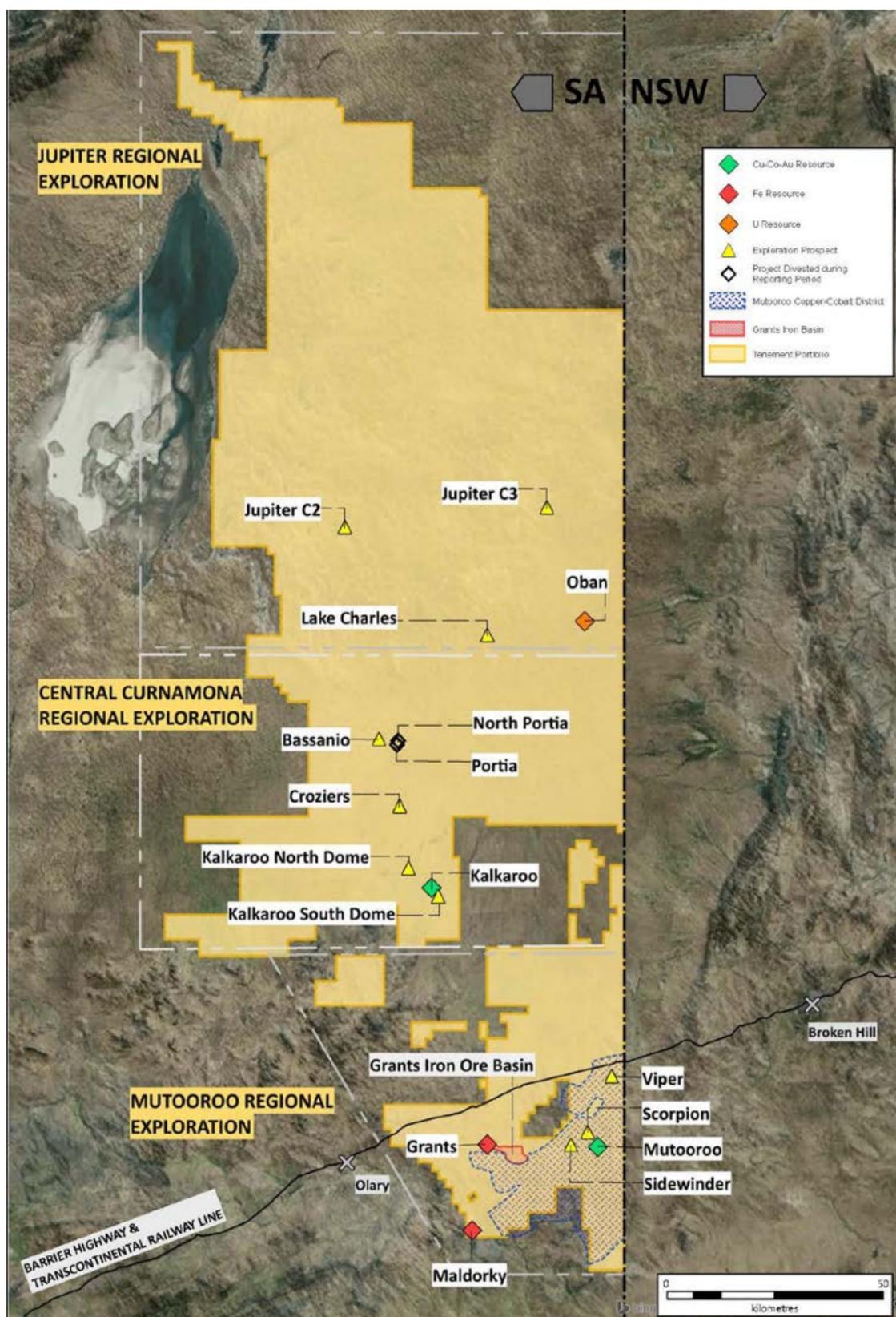
Claire Redman joined Havilah during January 2017 as Business Manager following over 20 years' experience in a number of South Australian based and global businesses across diverse sectors including manufacturing, resources, and construction. Claire's core competencies include employment relations, recruitment, performance management and organisational development. Prior to commencing at Havilah, she was Human Resources Manager at Ellex Medical. Claire was appointed as Company Secretary, reporting to the Chairman of the Board of Havilah during December 2017.



Kalkaroo conceptual pit design showing gold cap (yellow) and copper-gold resource envelopes (red), highlighting the potential upside of the Inferred Resource material lying outside of the current conceptual open pit.

Multi-commodity Portfolio

MULTI-COMMODITY PORTFOLIO HIGHLIGHTS



Havilah holds a **large tenement portfolio** in SA including 16,212 km² within the Curnamona Craton, a highly prospective geological terrain with proven metal endowment.

High potential for **copper, cobalt, gold, iron ore, uranium, tin molybdenum, lead and zinc** discoveries in a range of mineralisation styles and settings such as stratabound, IOCG and lode-style.

The **Mutooroo Copper-Cobalt District**, containing the Mutooroo deposit, is emerging as a significant copper-cobalt mineralised region, supported by widespread, exceptionally high, surface ironstone sampling results and drill ready prospects.

Kalkaroo project maiden Ore Reserve of 100.1 Mt, making it Australia's largest undeveloped open pit copper-gold deposit on a copper equivalent basis.

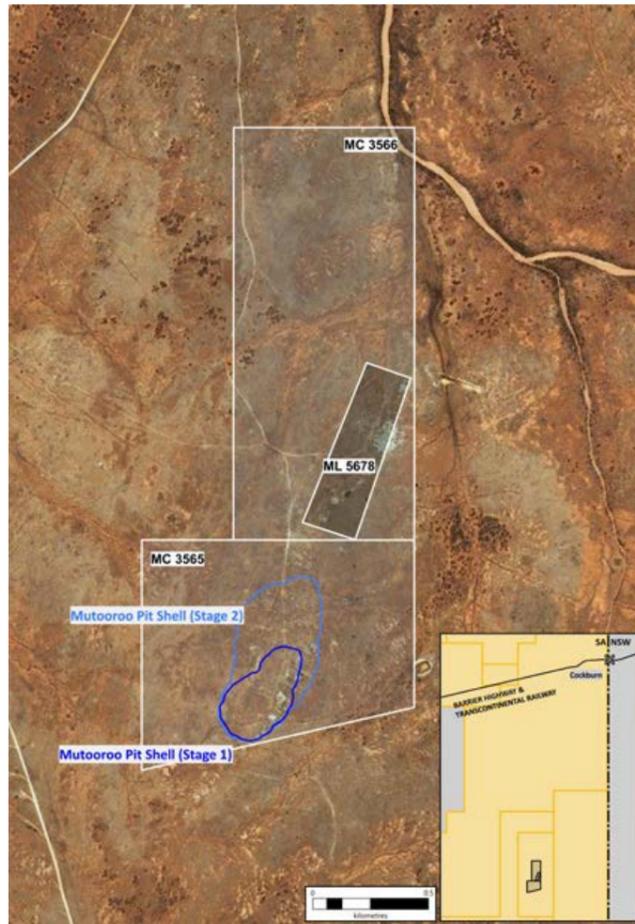
Central Curnamona regional exploration area, containing the Kalkaroo deposit, has a mineralised gold and base metal horizon traceable for more than 200 km along strike.

100% interest acquired in potentially large, 17.1 km² unexplored **Grants Iron Ore Basin**, SIMEC Mining (GFG Alliance) are funding an initial drilling program.

Maldorky iron ore project advancing with SIMEC Mining funding metallurgical testwork.

Mutooroo Project

Ownership: 100% Havilah
Commodity: Copper Cobalt Gold
Location: 370 km NE of Adelaide, 60 km SW of Broken Hill



The Mutooroo deposit is a lode-style, massive sulphide copper-cobalt-gold deposit with high copper and cobalt grades. The current resource estimate includes 195,000 t of copper, 8,400 t of cobalt and 44,600 oz of gold. Havilah's planned exploration work at Mutooroo and nearby prospects within 10 km of Mutooroo, aims to expand the resource base, while the PFS will be designed to establish the optimum recovery method for the substantial cobalt in the deposit. Successful outcomes from the exploration work and the PFS have the potential to add significant additional value to the project.

Project Summary

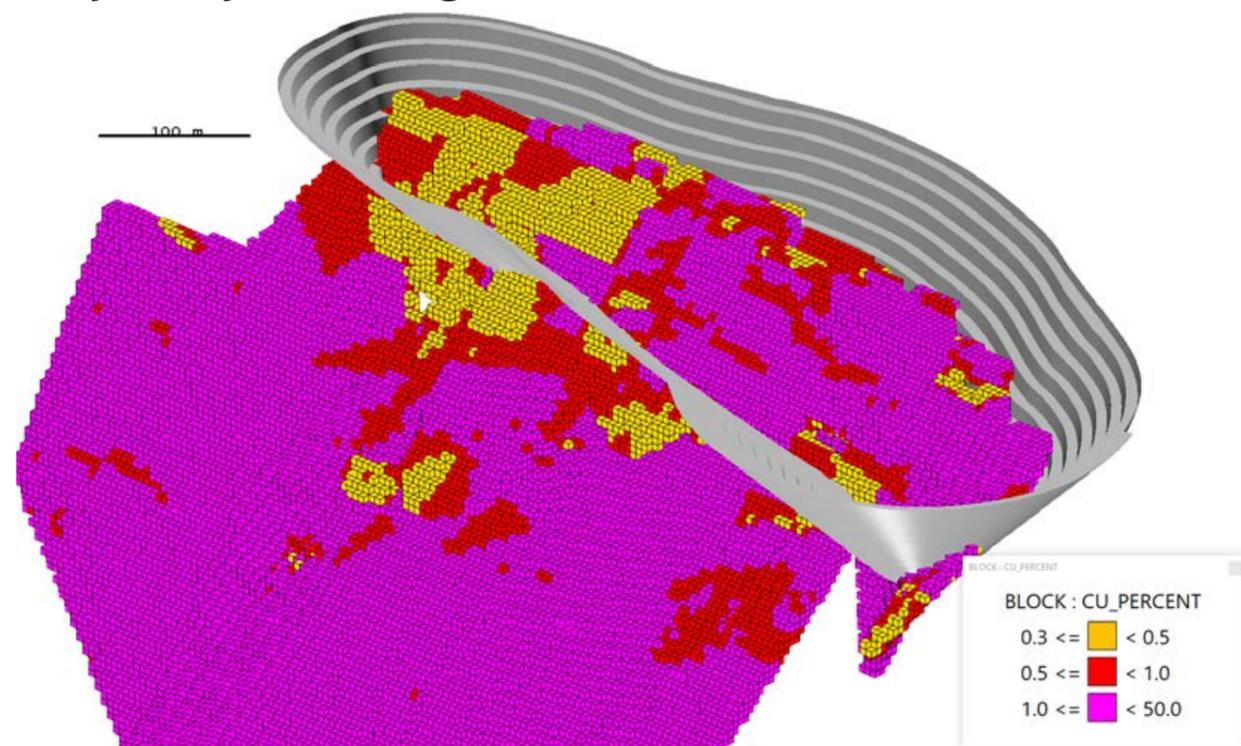
- Attractive open pit grades of 1.5% copper and 0.14% cobalt.
- Outcropping at surface with sulphide mineralisation from approximately 30 m depth.
- Sulphide mineralisation is open along strike and at depth.
- Favourable logistics – 16 km south of the Barrier Highway and Transcontinental Railway and 40 minutes' drive west of Broken Hill.



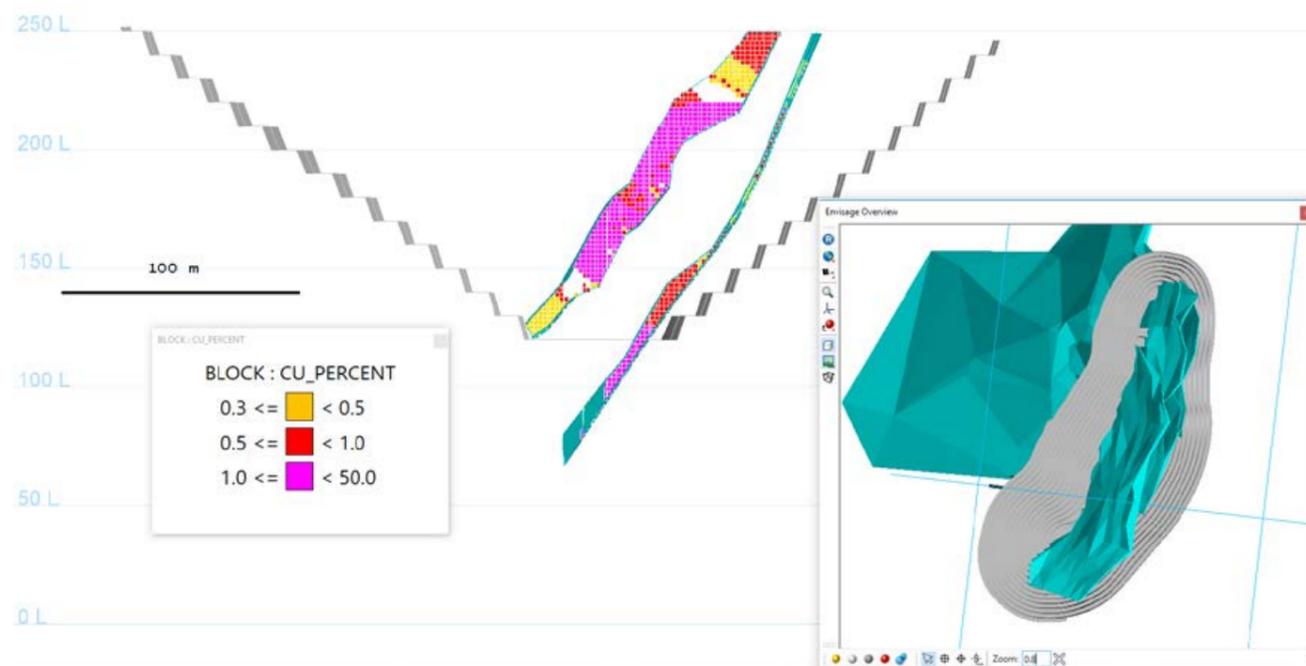
The definition of additional resources at Mutooroo and at nearby prospects would materially enhance the project's economics

Late 1800's mine dumps at the Mutooroo Project

Conceptual Open Pit Design and Resource Blocks



Conceptual Open Pit Section Displaying Copper Grades



The Future

- Resource expansion drilling of Mutooroo lode system down dip and along strike of the current resource, noting that the current JORC resource covers less than half of the known lode outcrop.
- Resource conversion drilling of the shallower portions of the Inferred Resource (currently copper only) to Indicated status adding copper, cobalt and gold to increase the resource base.
- Drill testing extensions of the Mutooroo lode system as identified by surface geochemistry and ground EM surveys.
- Metallurgical studies aimed at establishing optimum cobalt recoveries from the sulphide ore.



Old Mutooroo Mine Workings

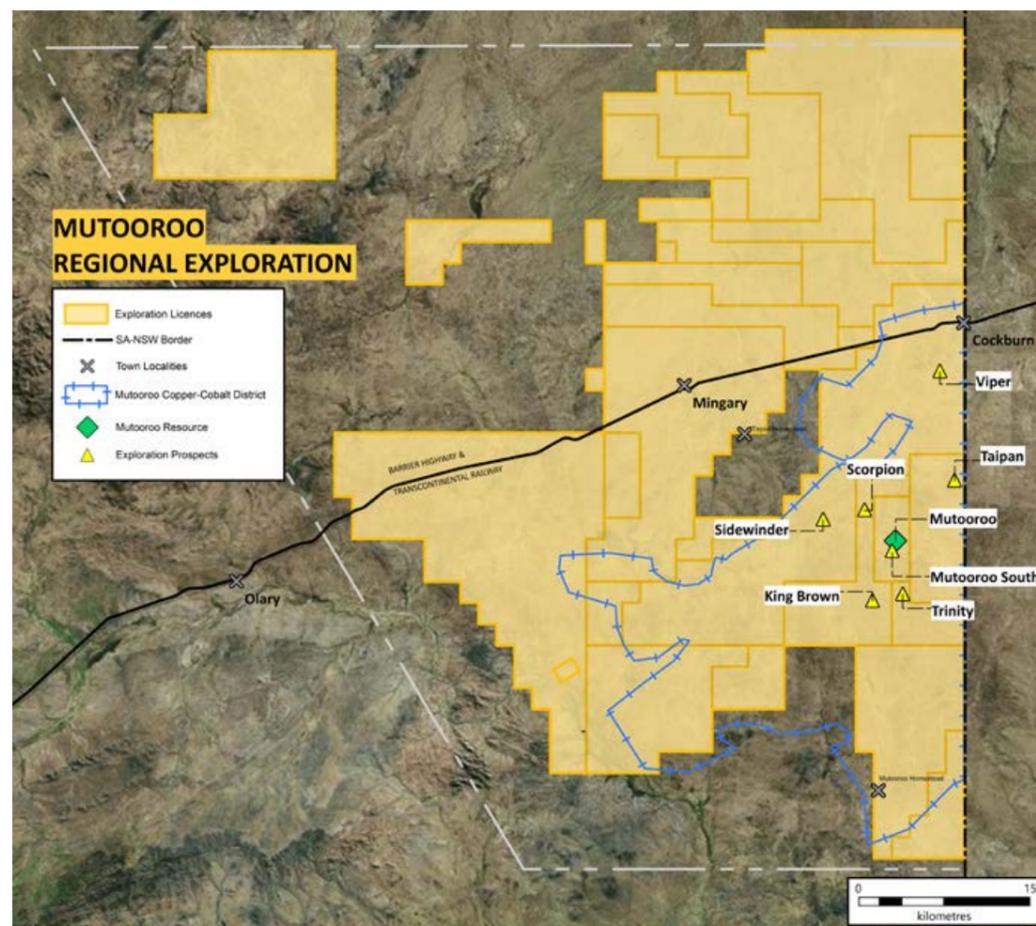
Mutooroo Summary JORC Mineral Resource Table

| Project | Classification | Resource Category | Tonnes | Copper % | Cobalt % | Gold g/t | Copper tonnes | Cobalt tonnes | Gold ounces |
|-----------------------|-----------------------|------------------------------------|-------------------|-------------|--------------|----------------|----------------|---------------|---------------|
| Mutooroo ² | Measured | Oxide | 598,000 | 0.56 | 0.040 | 0.08 | | | |
| | Total | Oxide | 598,000 | 0.56 | 0.040 | 0.08 | 3,300 | 200 | 1,500 |
| | Measured | Sulphide Copper-Cobalt-Gold | 4,149,000 | 1.23 | 0.140 | 0.18 | | | |
| | Indicated | Sulphide Copper-Cobalt-Gold | 1,697,000 | 1.52 | 0.140 | 0.35 | | | |
| | Inferred | Sulphide Copper-Cobalt-Gold | 6,683,000 | 1.71 | ISD | ISD | | | |
| | Total | Sulphide Copper-Cobalt-Gold | 12,529,000 | 1.53 | | | 191,700 | 8,200 | 43,100 |
| | Total Mutooroo | 13,127,000 | | | | 195,000 | 8,400 | 44,600 | |

Refer - Footnotes to 2018 JORC Ore Reserves and Mineral Resources Tables (p43)

Mutooroo Regional Exploration

Ownership: 100% Havilah
Commodity: Copper Cobalt Gold
Location: 370 km NE of Adelaide, 60 km SW of Broken Hill



The Mutooroo Regional Exploration Area covers Havilah's southern tenement holdings. The area includes the Mutooroo copper-cobalt-gold deposit and the recently Havilah defined Mutooroo Copper-Cobalt District which is developing into a major new copper-cobalt exploration region in Australia. Havilah holds a dominant land position within this district and exploration over the past 12 months has generated exceptionally high cobalt and copper surface geochemical anomalies.

Apart from the Mutooroo deposit, there has been no previous exploration specifically targeting cobalt in this area.

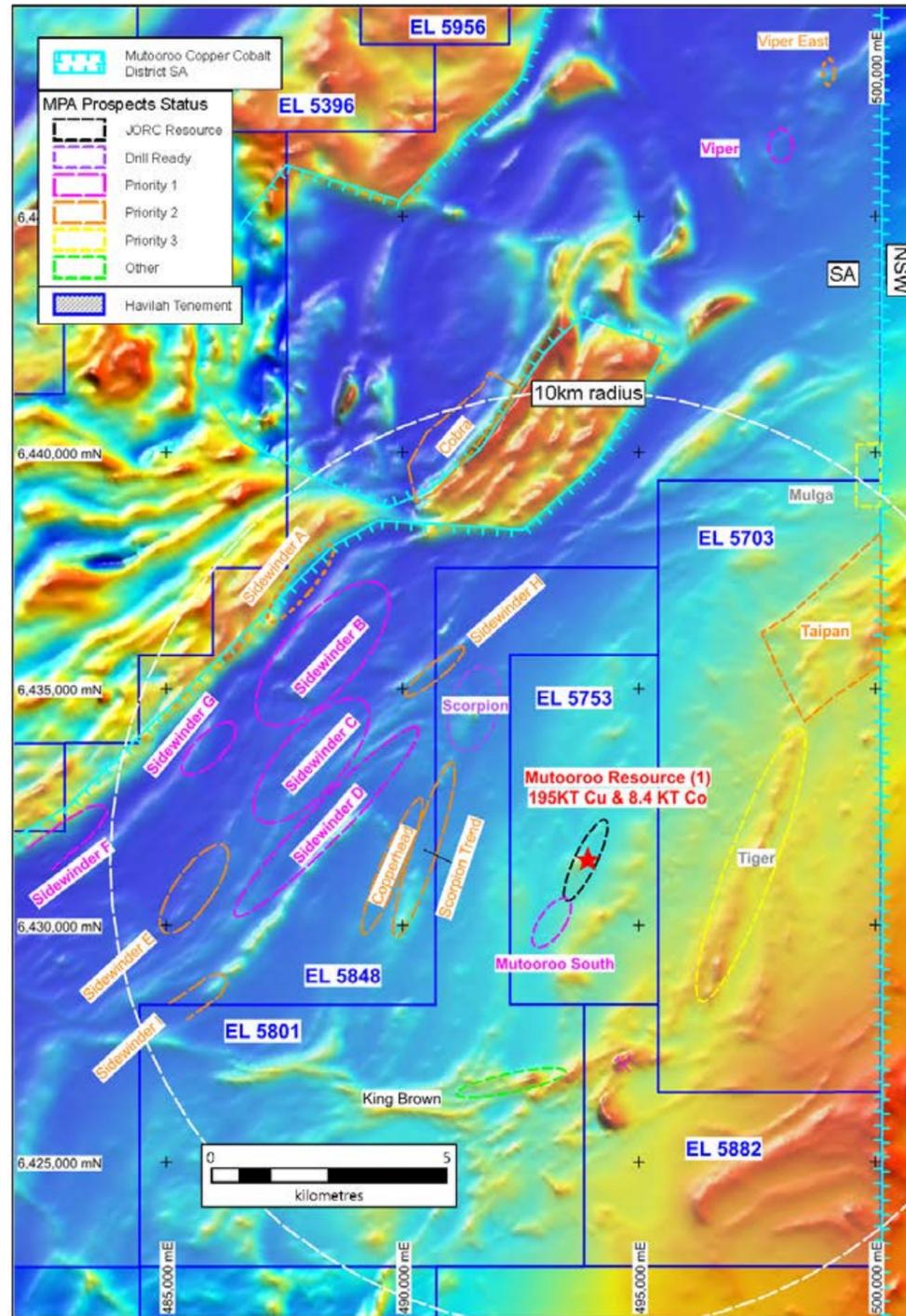
Exploration Summary

- Following a comprehensive compilation of all historical open file drilling and surface geochemistry data, several significant copper-cobalt targets were identified for follow up.
- This surface geochemical sampling returned exceptional results with maximum cobalt values of up to 5,950 ppm (0.60%) and copper values of up to 3,080 ppm (0.31%).
- Several new priority one drilling targets subsequently defined, including Sidewinder, Viper, Taipan and potential southern extensions of the Mutooroo lode system.
- The Scorpion prospect, located approximately 4 km northwest of the Mutooroo deposit, has been advanced to drill testing status.



Mutooroo Regional Surface Sampling

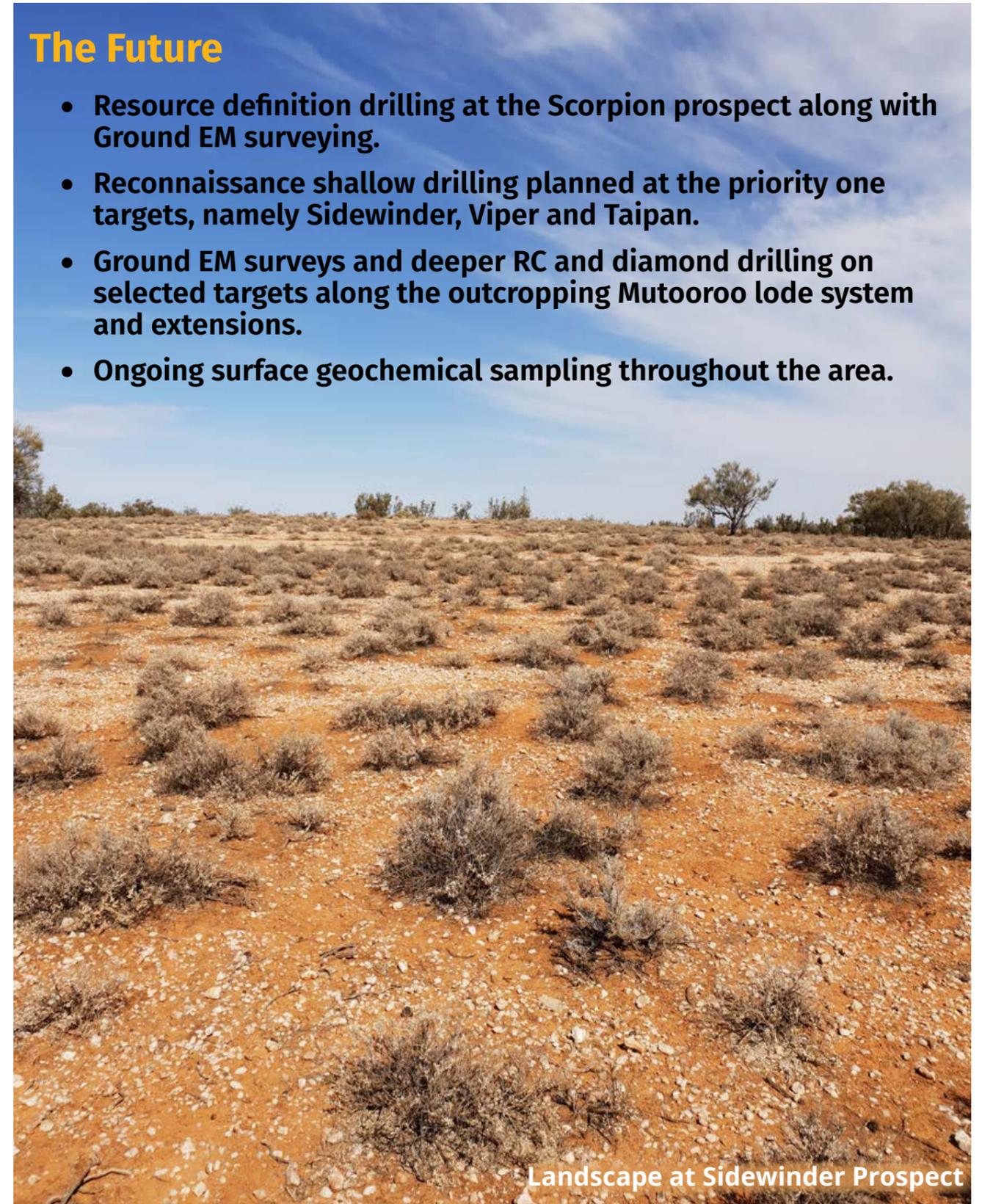
Newly Defined Prospects in the Vicinity of the Mutooroo Deposit



Airborne Magnetic Image RTP TMI

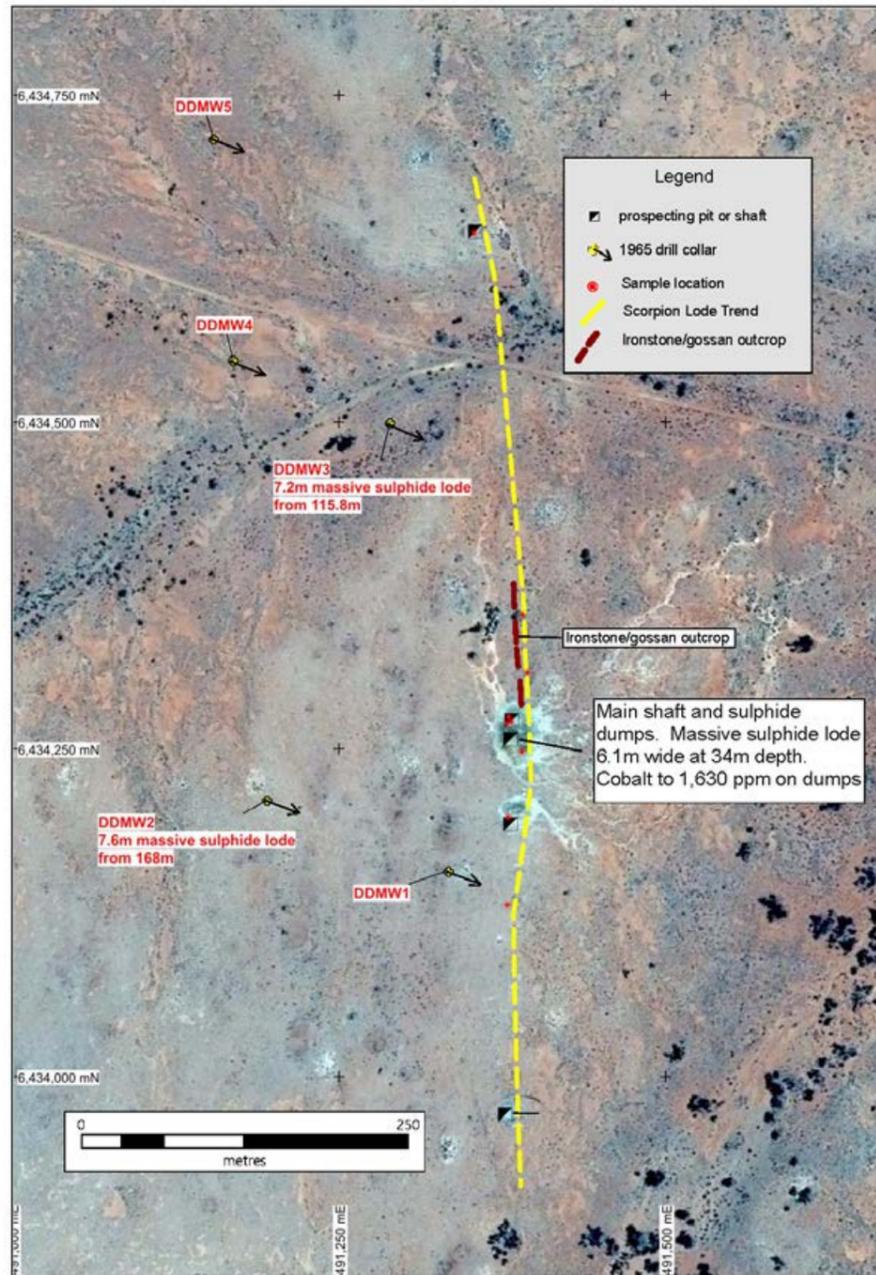
The Future

- Resource definition drilling at the Scorpion prospect along with Ground EM surveying.
- Reconnaissance shallow drilling planned at the priority one targets, namely Sidewinder, Viper and Taipan.
- Ground EM surveys and deeper RC and diamond drilling on selected targets along the outcropping Mutooroo lode system and extensions.
- Ongoing surface geochemical sampling throughout the area.



Landscape at Sidewinder Prospect

Scorpion Prospect Detail



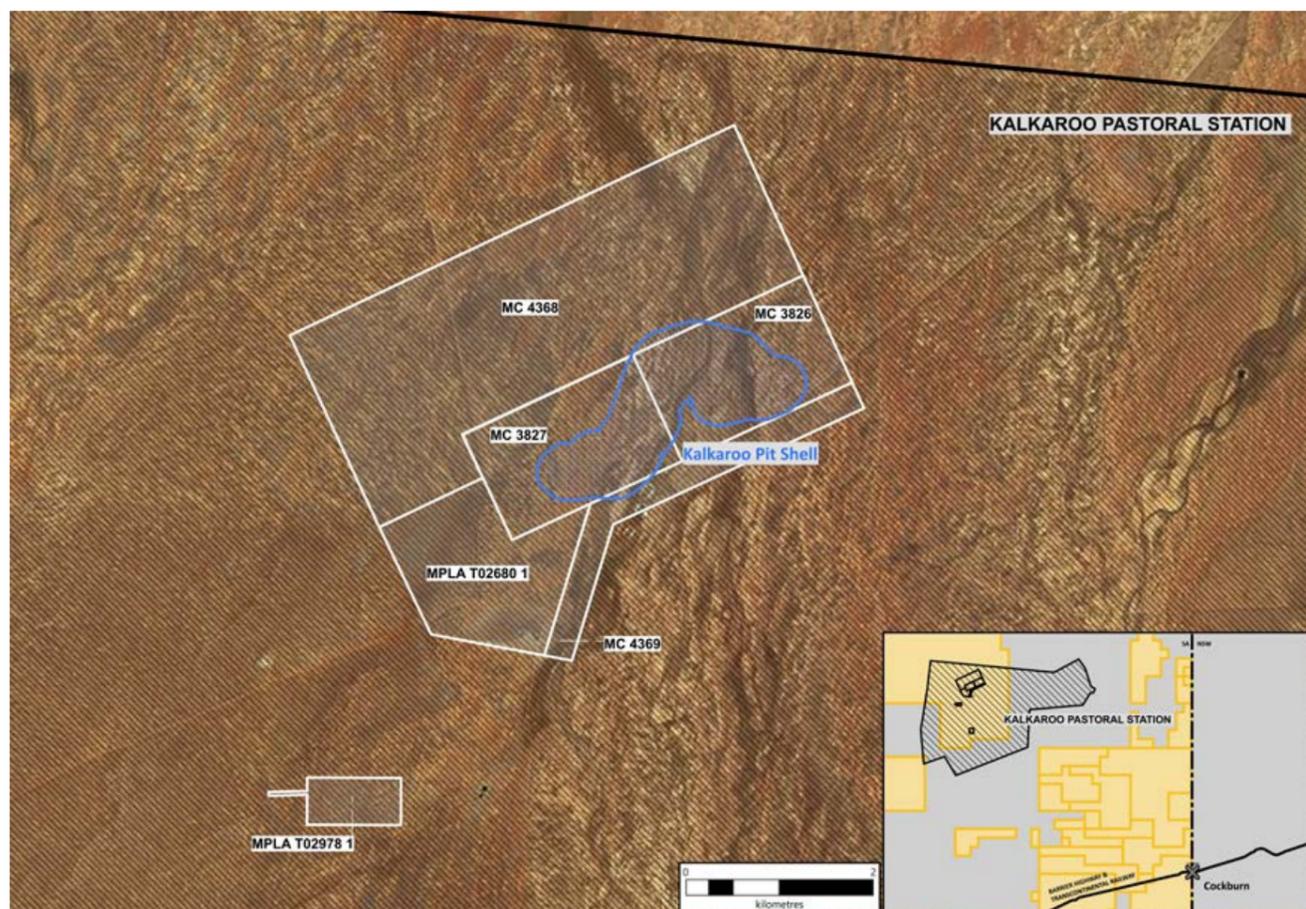
Compilation and interpretation of limited open file drilling data from the 1960's at the Scorpion prospect highlighted wide, massive sulphide mineralisation (up to 7.6 m drilled width), in two holes 300 m apart, that had previously been assayed for copper only. Surface sampling of mine dumps returned strong cobalt results up to 1,630 ppm (0.16%). Old mine reports recorded massive sulphide mineralisation at relatively shallow depths with a crosscut at 34 m depth intersecting 6.1 m of massive sulphide lode, highlighting the depth potential.



Scorpion Prospect Gossan and Old Mine Dumps

Kalkaroo Project

Ownership: 100% Havilah
Commodity: Copper Cobalt Gold
Location: 400 km NE of Adelaide, 95 km NW of Broken Hill



The Kalkaroo deposit is one of Australia's largest undeveloped open pit copper-cobalt-gold deposits on a copper equivalent basis, with an independently determined maiden Ore Reserve of 474,000 t of copper and 1.4 Moz of gold. Havilah is currently performing ongoing metallurgical work to update the draft initial PFS to ensure the full potential of the project is identified. This work could add significant value to the project economics.

Project Summary

- Total Ore Reserve of 100.1 Mt (90.2 Mt Proved and 9.9 Mt Probable).
- Total Mineral Resource of 1.1 Mt of copper, 23,200 t of cobalt and 3.1 Moz of gold, with considerable resource expansion potential both along strike and at depth.
- Project is located on Kalkaroo Station, which is owned and managed by Havilah, eliminating the land access risk.
- Favourably situated 50 km north of the Barrier Highway and the Transcontinental Railway.
- ML application completed with approval pending the finalisation of the NTMA.



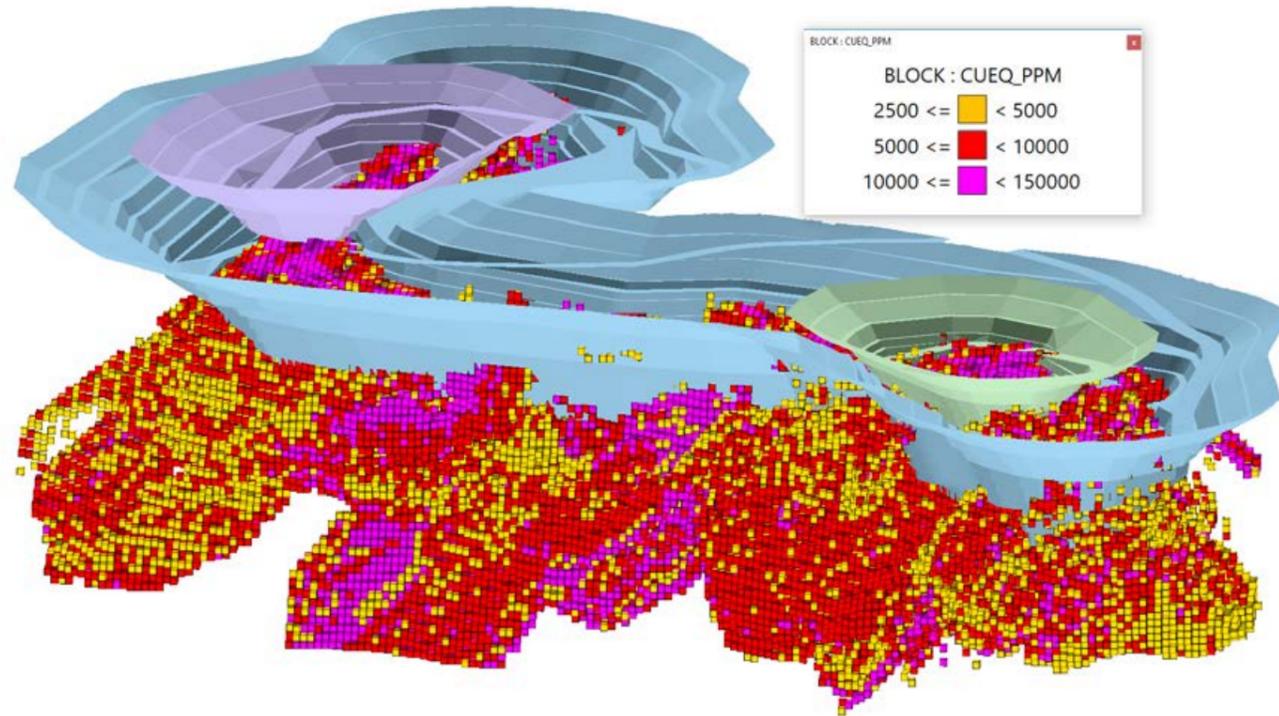
Recent Kalkaroo Metallurgical Drilling

Kalkaroo Summary JORC Ore Reserve Table

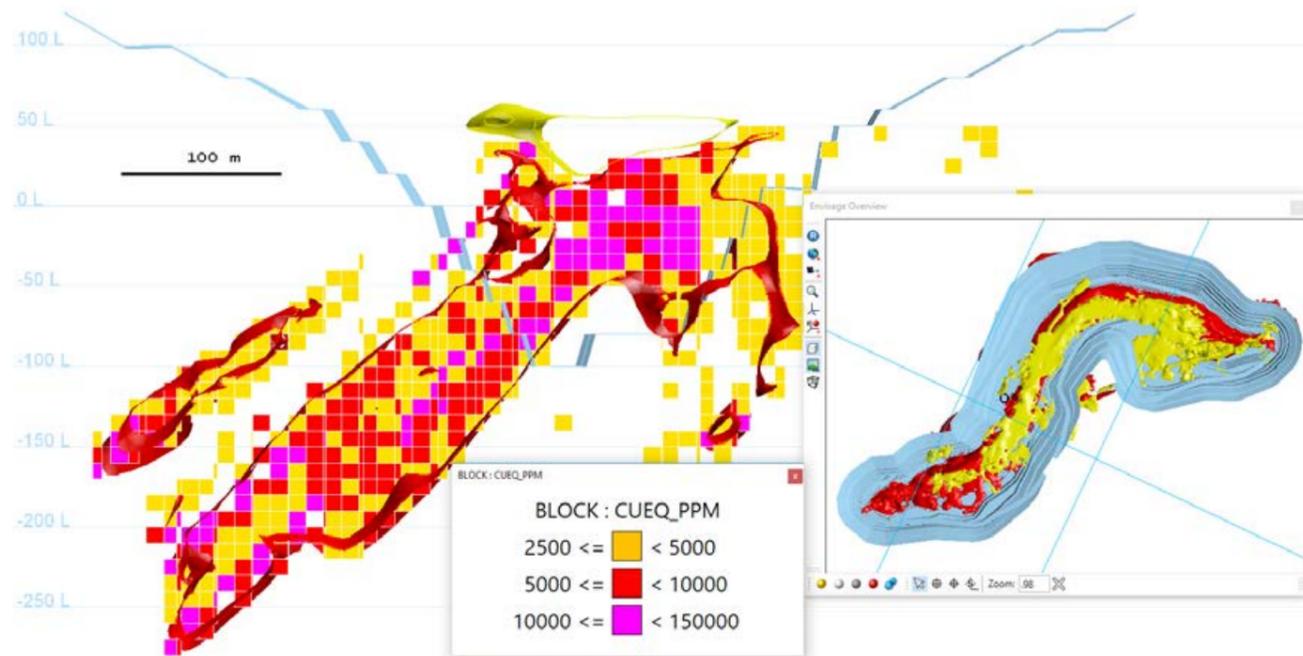
| Project | Classification | Tonnes (Mt) | Copper % | Gold g/t | Copper tonnes (Kt) | Gold ounces (Koz) |
|-----------------------|----------------|--------------|-------------|-------------|--------------------|-------------------|
| Kalkaroo ¹ | Proved | 90.2 | 0.48 | 0.44 | 430 | 1,282 |
| | Probable | 9.9 | 0.45 | 0.39 | 44 | 125 |
| Total | | 100.1 | 0.47 | 0.44 | 474 | 1,407 |

Refer - Footnotes to 2018 JORC Ore Reserves and Mineral Resources Tables (p43)

PFS Starter and Final Open Pits with Resource Blocks



PFS Final Open Pit Section Illustrating the Continuing Grade at Depth



The Future

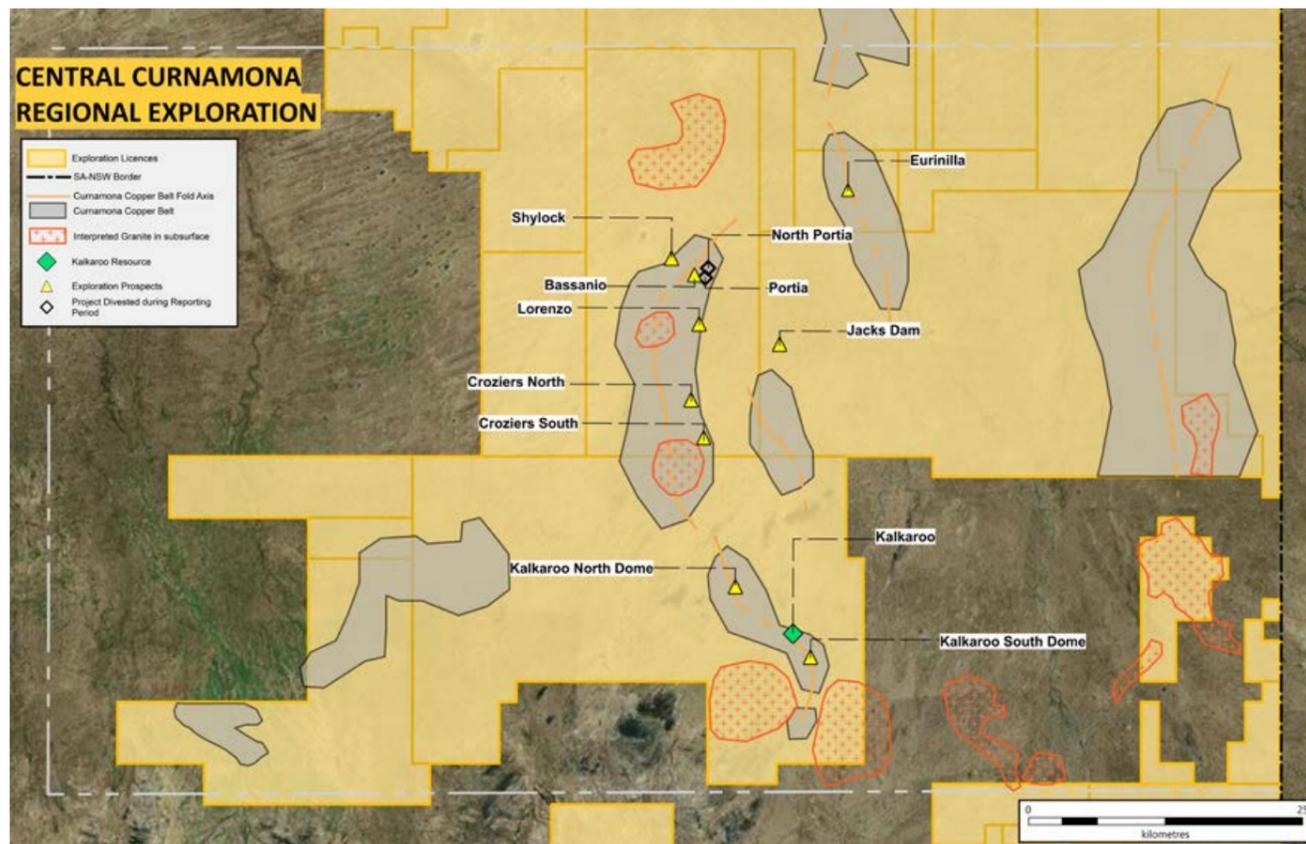
- Expanded PFS program to address potentially significant value adding options related to improving gold recoveries in oxidised ores and capturing cobalt value in the pyrite concentrate.
- Positive results from the metallurgical studies could lead to a significantly larger open pit, a longer mine life and an increased total revenue resulting in enhanced project economics.



Landscape at Kalkaroo Project

Central Curnamona Exploration

Ownership: 100% Havilah
Commodity: Copper Gold Cobalt Lead Zinc Molybdenum
Location: 420 km NE of Adelaide, 100 km NW of Broken Hill



The Central Curnamona Regional Exploration area hosts the Kalkaroo deposit and multiple exploration prospects which remain to be fully drill tested.

Mineralisation is hosted within a regionally persistent gold and base metal (copper-cobalt-gold-lead-zinc-molybdenum) mineralised horizon that follows a major geological boundary that can be traced for more than 200 km along strike.

Exploration Summary

- Stratabound mineralisation folded around a series of granite-cored domes and basins has strong similarities to the Central African Copper Belt in Zambia and the DRC.
- The Kalkaroo South and North Dome prospects are located within short trucking distance of Kalkaroo.
- Croziers and several other promising prospects located around the Benagerie Dome.
- The 800 m x 1,000 m Bassanio prospect in the core of the Benagerie Dome is an IOCG target (similar to Ernest Henry in Qld).

The Future

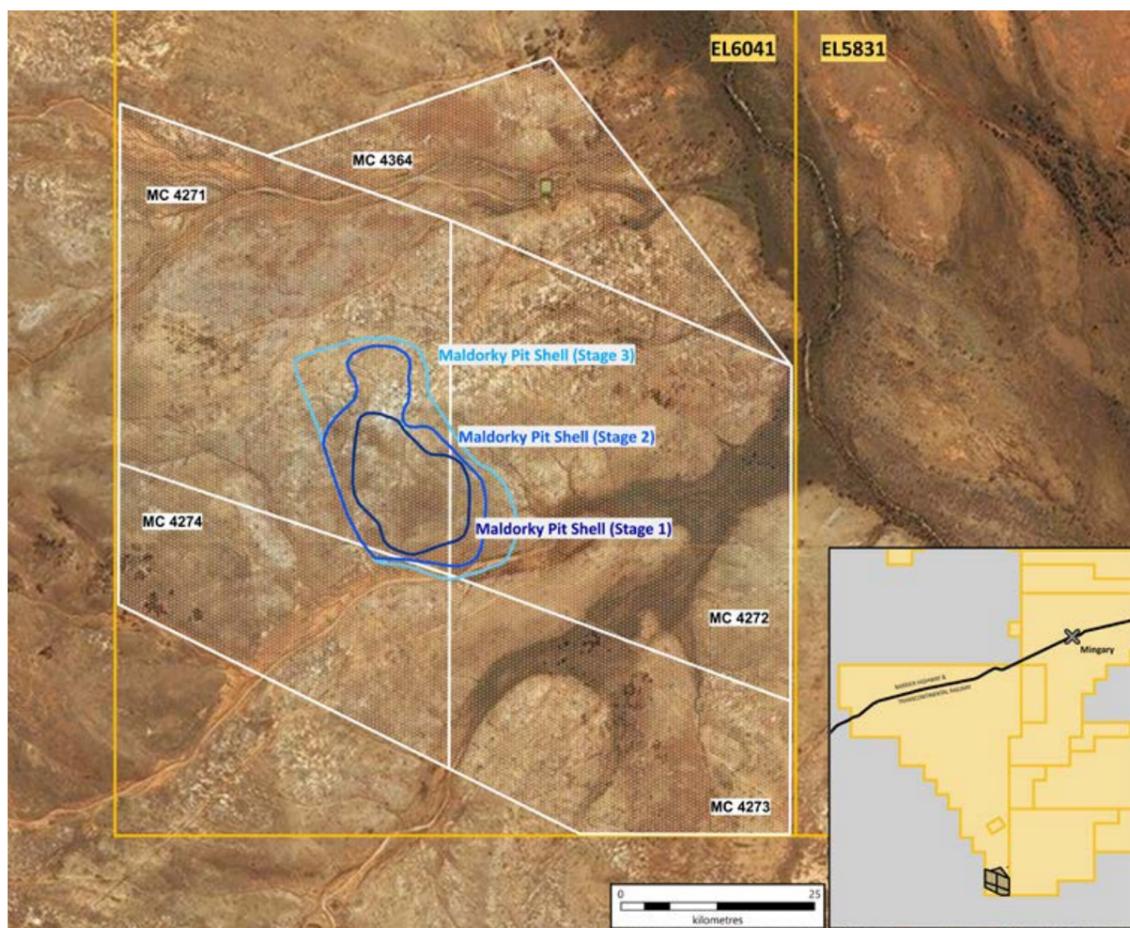
- Systematic compilation of all available open file regional drilling databases and Havilah's drilling data to prioritise future drilling targets.
- Targeted follow up drilling of selected prospects.
- Compilation and review of surface geochemical sampling and follow up sampling in areas of shallower cover.



Landscape at Croziers Prospect

Maldorky Project

Ownership: 100% Havilah
Commodity: Iron Ore
Location: 335 km NE of Adelaide, 90 km SW of Broken Hill



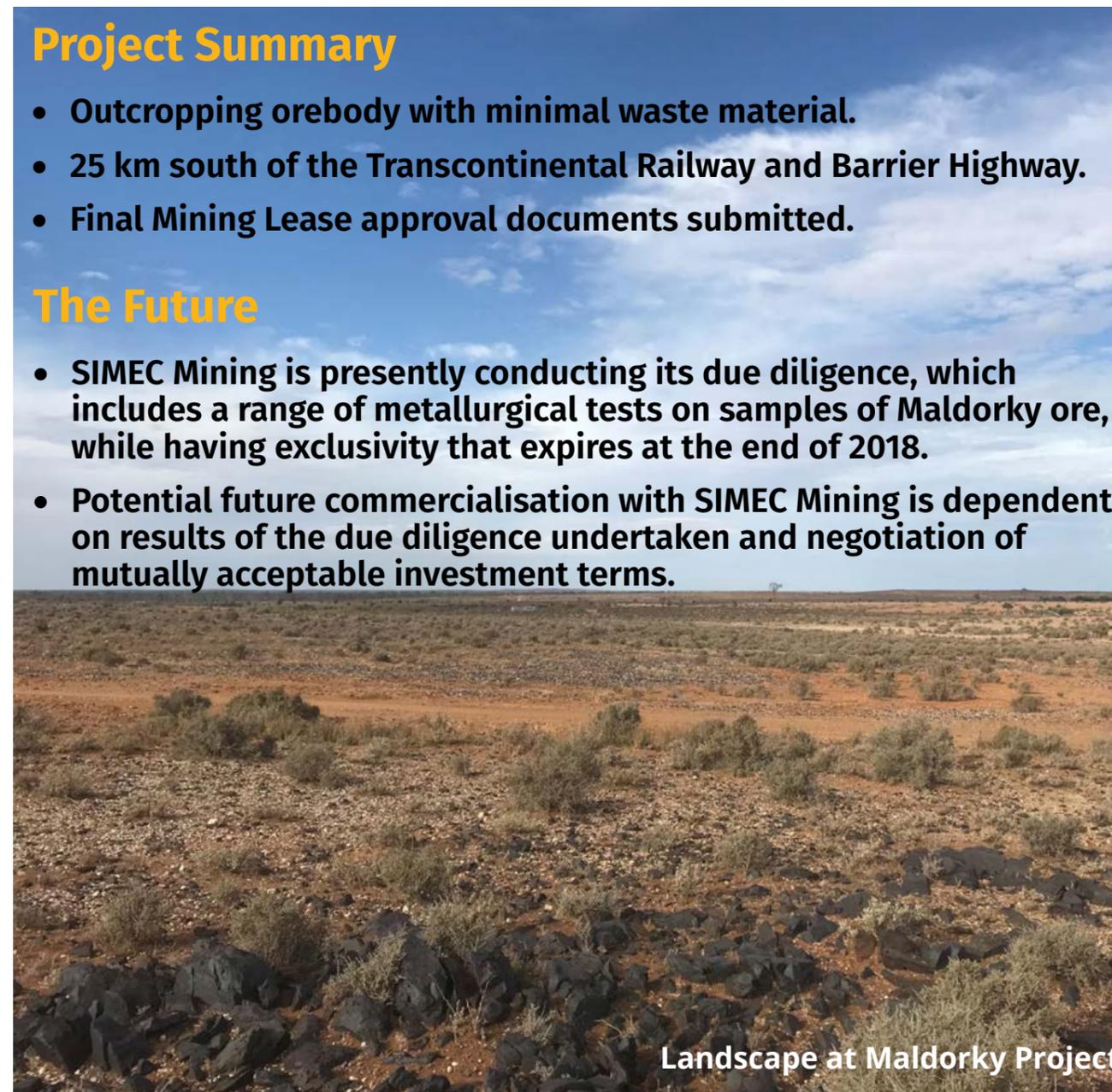
The Maldorky project contains a JORC Indicated Resource of 147 Mt of 30.1% iron, hosted by the Braemar Iron Formation. The hematite-magnetite ore is comparatively soft and current metallurgical testwork shows that it can be beneficiated by gravity methods to produce a high quality 65% iron product.

Project Summary

- Outcropping orebody with minimal waste material.
- 25 km south of the Transcontinental Railway and Barrier Highway.
- Final Mining Lease approval documents submitted.

The Future

- SIMEC Mining is presently conducting its due diligence, which includes a range of metallurgical tests on samples of Maldorky ore, while having exclusivity that expires at the end of 2018.
- Potential future commercialisation with SIMEC Mining is dependent on results of the due diligence undertaken and negotiation of mutually acceptable investment terms.



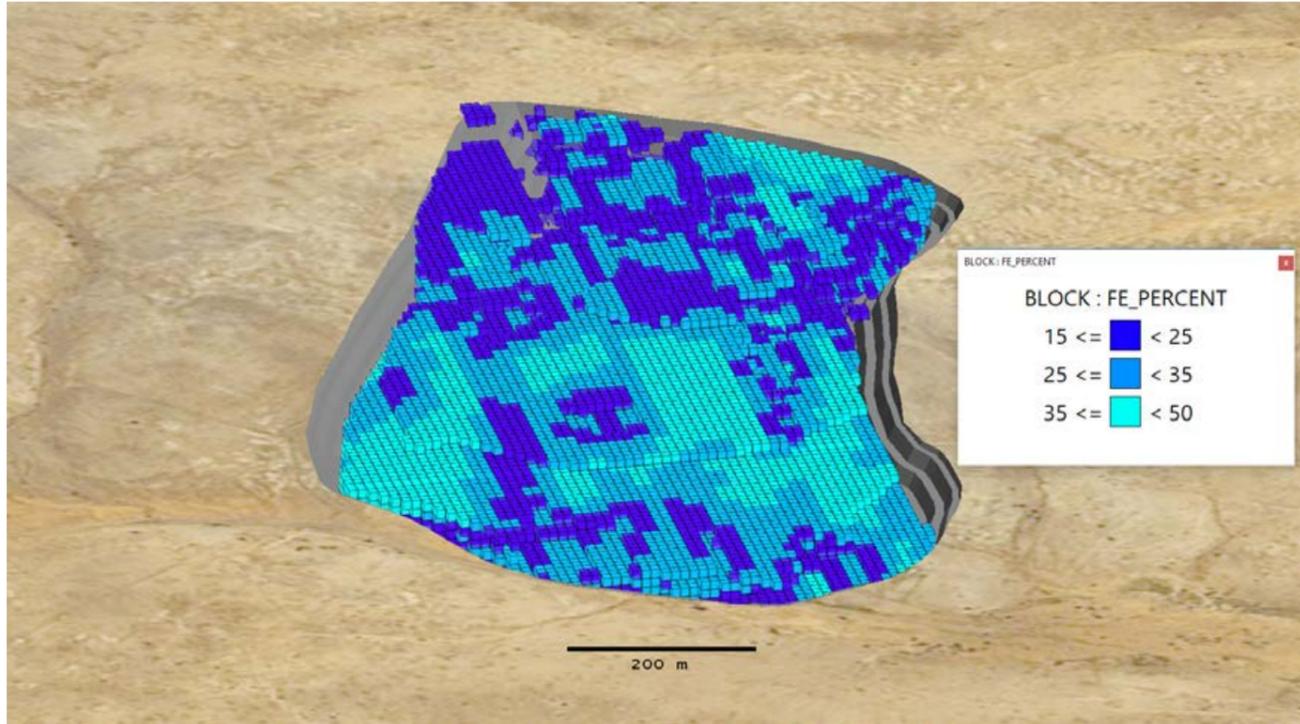
Landscape at Maldorky Project

Maldorky Summary JORC Mineral Resource Table

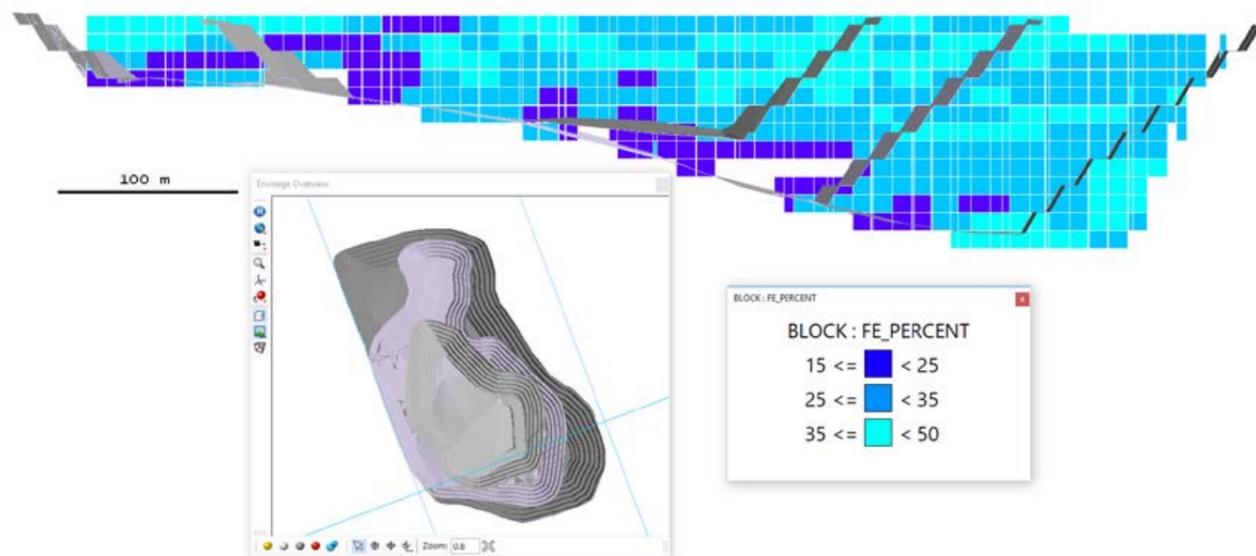
| Project | Classification | Million Tonnes | Iron (%) | Fe concentrate (million tonnes) | Estimated yield |
|-----------------------|----------------|----------------|----------|---------------------------------|-----------------|
| Maldorky ⁵ | Indicated | 147 | 30.1 | 59 | 40% |

Refer - Footnotes to 2018 JORC Ore Reserves and Mineral Resources Tables (p43)

Resource Model Within Conceptual Pit Design



Section Through Open Pit Stages 1-3 Displaying Iron Ore Grades

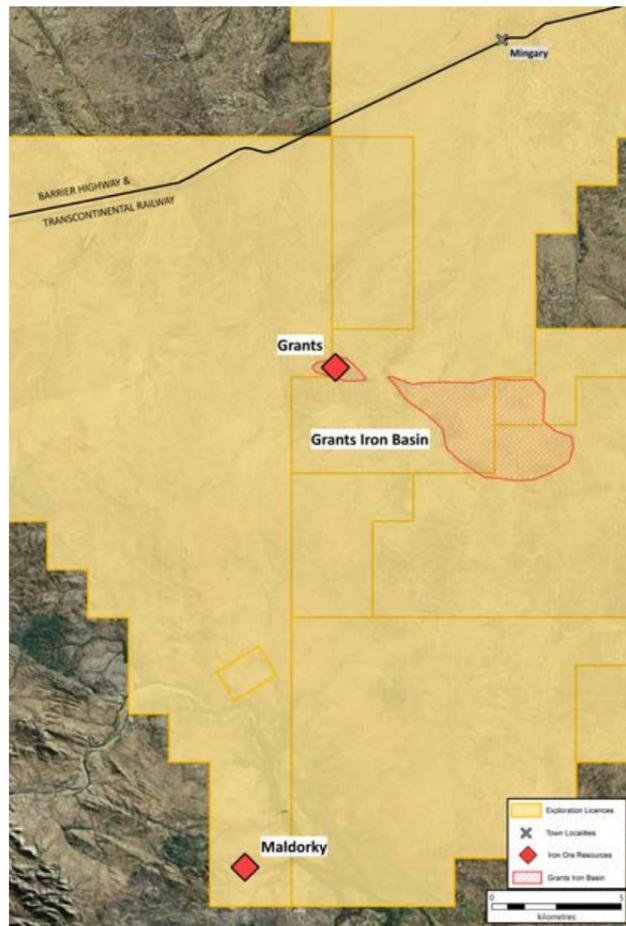


This cooperation with SIMEC, an iron ore end-user, has the potential to realise value for shareholders from Havilah's iron ore resources, to which the market is presently assigning no value



Grants Iron Ore Basin

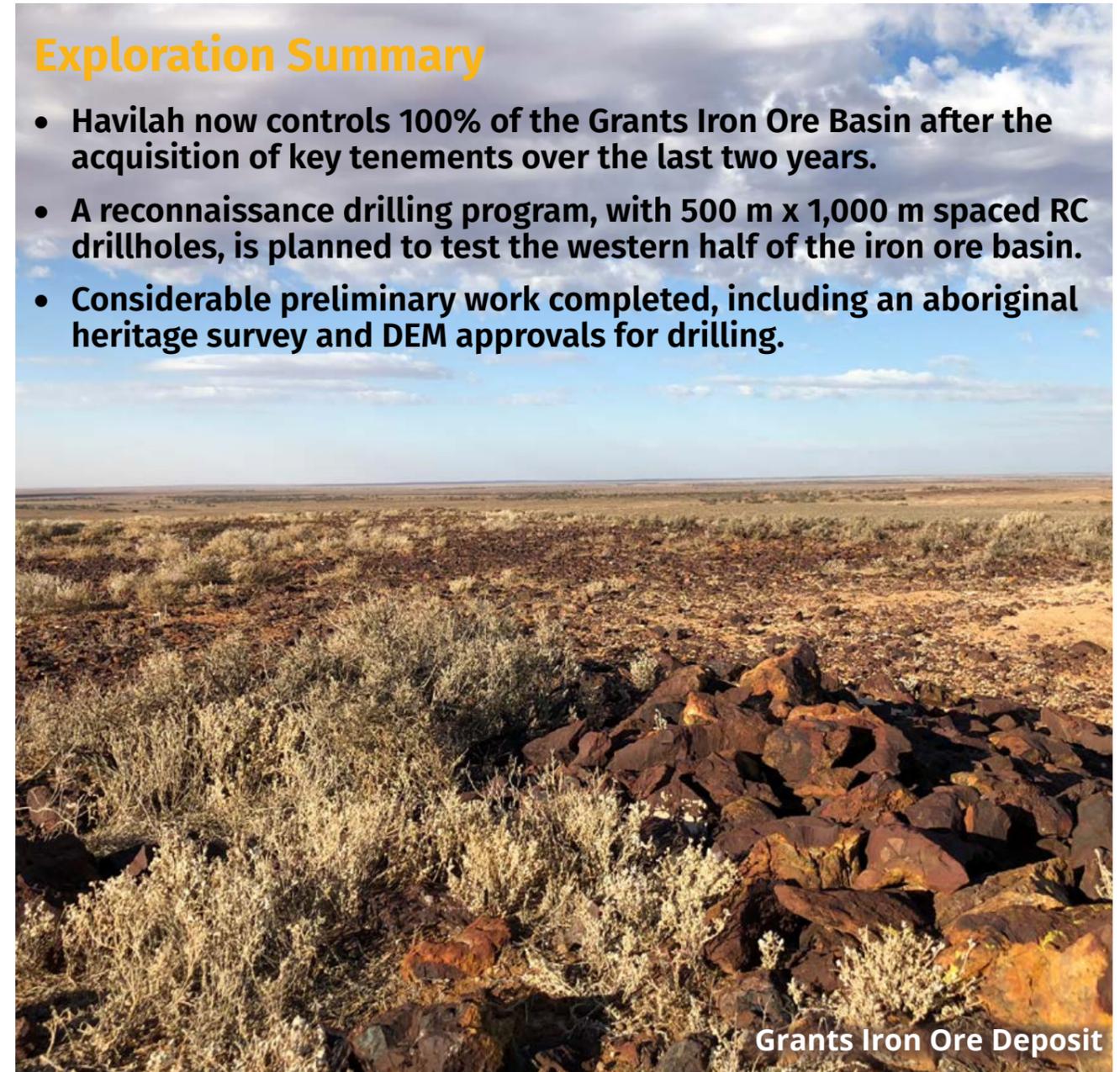
Ownership: 100% Havilah
Commodity: Iron Ore
Location: 350 km NE of Adelaide, 80 km W-SW of Broken Hill



The Grants Iron Ore Basin, located immediately east of the 304 Mt Grants iron ore JORC mineral resource, is interpreted as a saucer-shaped basin containing a thick sequence of magnetite-hematite rich Braemar Iron Formation. The basin covers an area of 17.1 km² and has the potential to contain a large iron ore resource. To date, only a single RC drillhole in 2012 has effectively tested the northwestern margin of the basin with an encouraging 69 m @ 31.7% iron intersected from 15 m to the end of the hole.

Exploration Summary

- Havilah now controls 100% of the Grants Iron Ore Basin after the acquisition of key tenements over the last two years.
- A reconnaissance drilling program, with 500 m x 1,000 m spaced RC drillholes, is planned to test the western half of the iron ore basin.
- Considerable preliminary work completed, including an aboriginal heritage survey and DEM approvals for drilling.



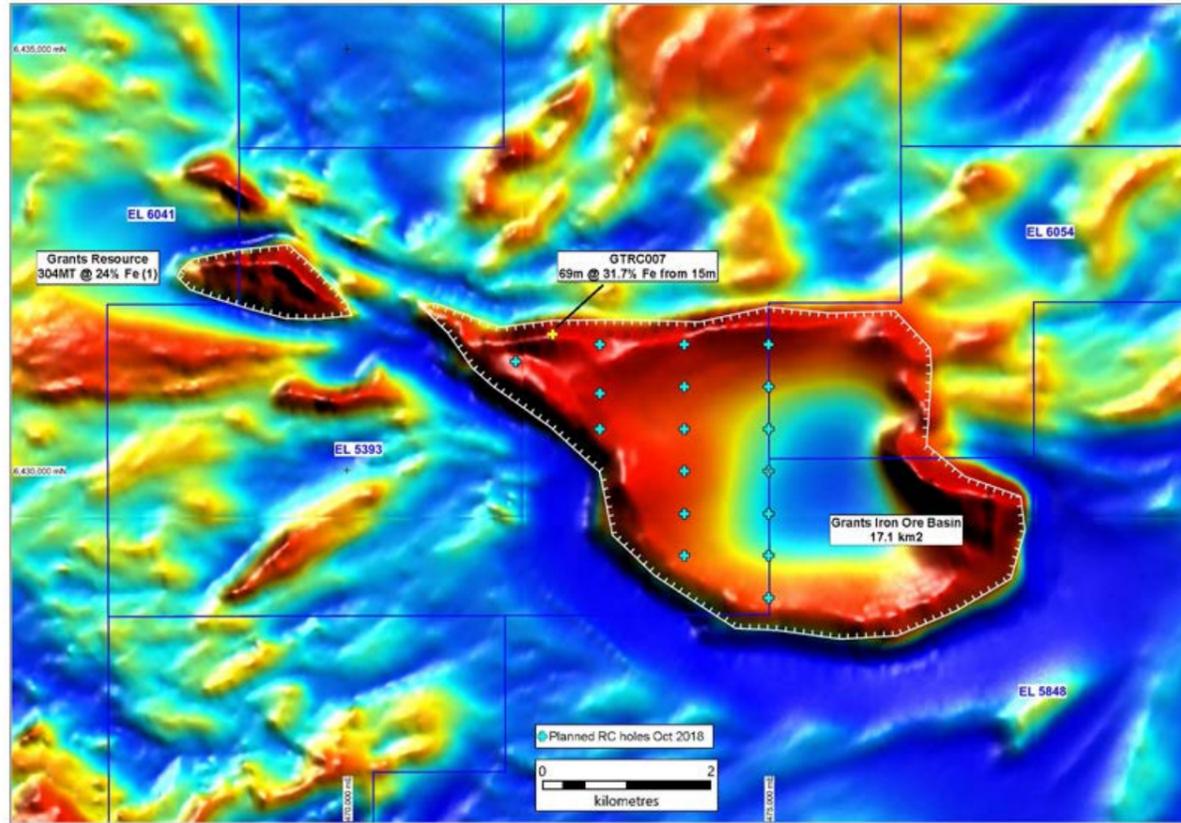
Grants Iron Ore Deposit

Grants Summary JORC Mineral Resource Table

| Project | Classification | Million Tonnes | Iron (%) | Fe concentrate (million tonnes) | Estimated yield |
|---------------------|----------------|----------------|----------|---------------------------------|-----------------|
| Grants ⁶ | Inferred | 304 | 24 | 100 | 33% |

Refer - Footnotes to 2018 JORC Ore Reserves and Mineral Resources Tables (p43)

Grants Iron Ore Basin Planned Drill Program



Airborne Magnetic Image RTP TMI



Late 1800's Excavations at Grants Iron Ore Basin

The Future

- The drilling program will provide initial data on the size parameters of the iron ore sequence, namely thickness, grade and geometry.
- Drilling is part of SIMEC Mining's due diligence investigation of the commercialisation potential of the Grants Iron Ore Basin.
- Infill resource drilling program is likely to follow if initial drilling results are encouraging.

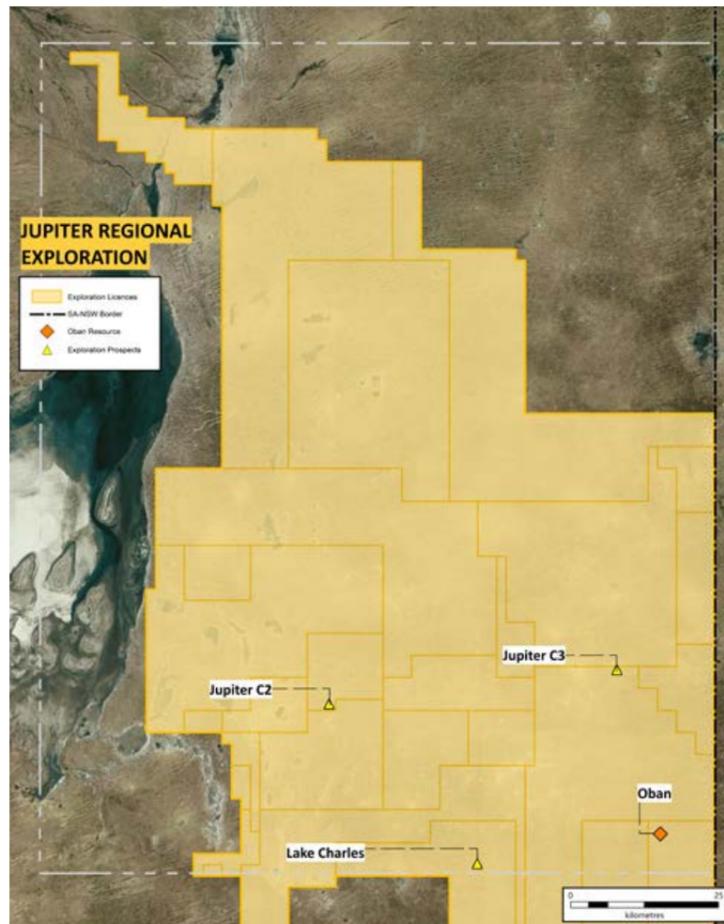
The planned drilling has the potential to confirm a very large iron ore deposit, close to the existing Grants iron ore resource and within sight of the Transcontinental railway line



Grants Iron Ore Basin - Area of Planned Drilling

Jupiter Prospect Exploration

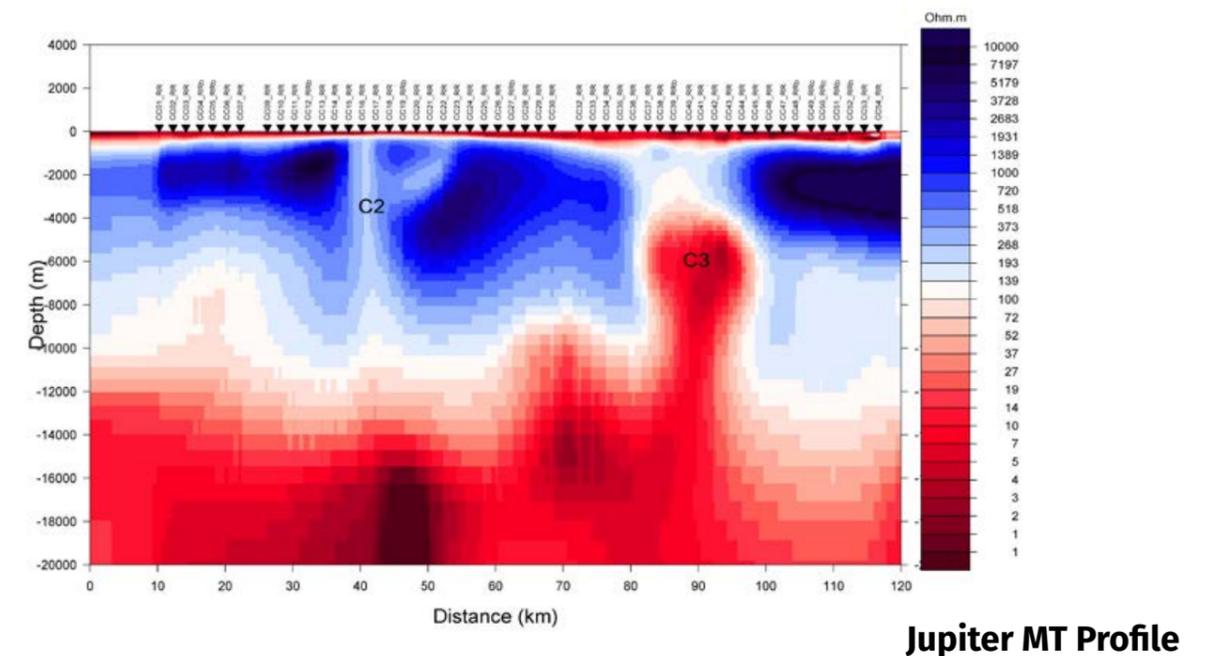
Ownership: 100% Havilah
Commodity: Copper Gold
Location: 460 km NE of Adelaide, 150 km NW of Broken Hill



The Jupiter Regional Exploration area covers Havilah's extensive northern tenement holdings. An infill MT geophysical survey completed late in 2017 identified anomalies (for example the C2 MT anomaly on the profile at right) with similar characteristics to those associated with large IOCG deposits, such as Olympic Dam, SA and Ernest Henry, Qld.

Exploration Summary

- The geological setting and age of potential host rocks is comparable with the Gawler Craton hosted IOCG deposits, namely Olympic Dam, Prominent Hill and Carrapateena.
- Major mining groups have been approached with the aim of entering into a joint venture to further test these anomalies. Discussions are ongoing.
- All available open file drilling and geophysical data has been compiled and assessed within the area.
- Examination of available open file gravity data indicates potential anomalies of interest along strike from the main C2 MT anomaly.



The Future

- Secure a joint venture partner to advance the project.
- Next phase of exploration is likely to include infill lines of MT readings, a detailed airborne magnetic survey and the collection of more detailed infill gravity readings, in order to define drilling targets.

Paleochannel Uranium

Ownership: 100% Havilah
Commodity: Uranium
Location: 420 km NE of Adelaide, 100 km NW of Broken Hill

The Central and Northern tenement areas contain widespread roll-front uranium mineralisation, including the 2006 Oban uranium deposit discovery.

Exploration Summary

- Many of Havilah’s tenements are prospective for roll-front style uranium mineralisation in Tertiary paleochannels and blanket sands.
- Previous drilling has identified many uranium targets for follow up, outside of the existing Oban deposit.

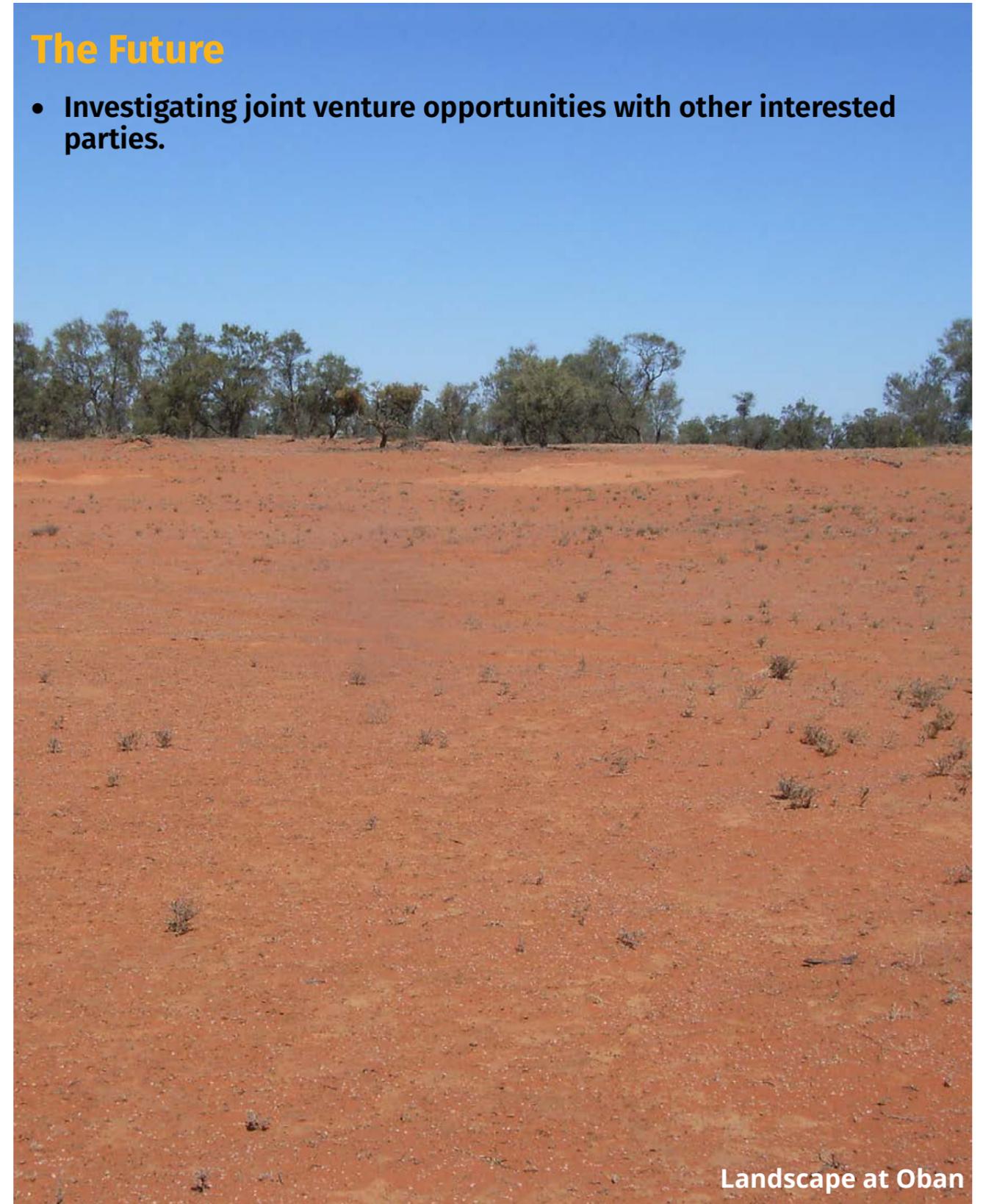
Oban Summary Resource Table

| Project | Classification | Million Tonnes | eU308 (ppm) | Contained eU308 (Tonnes) |
|-------------------|----------------|----------------|-------------|--------------------------|
| Oban ⁷ | Inferred | 8 | 260 | 2100 |

Refer - Footnotes to 2018 JORC Ore Reserves and Mineral Resources Tables (p43)

The Future

- Investigating joint venture opportunities with other interested parties.



Landscape at Oban

JORC ORE RESERVE AND MINERAL RESOURCE TABLES

JORC Ore Reserves as of 31 July 2018

| Project | Classification | Tonnes (Mt) | Copper % | Gold g/t | Copper tonnes (Kt) | Gold ounces (Koz) |
|-----------------------|----------------|--------------|-------------|-------------|--------------------|-------------------|
| Kalkaroo ¹ | Proved | 90.2 | 0.48 | 0.44 | 430 | 1,282 |
| | Probable | 9.9 | 0.45 | 0.39 | 44 | 125 |
| Total | | 100.1 | 0.47 | 0.44 | 474 | 1,407 |

JORC Mineral Resources as of 31 July 2018

| Project | Classification | Resource Category | Tonnes | Copper % | Cobalt % | Gold g/t | Copper tonnes | Cobalt tonnes | Gold ounces |
|---------------------------|------------------------------------|------------------------------|--------------------|-------------|--------------|------------------|------------------|------------------|------------------|
| Mutooroo ² | Measured | Oxide | 598,000 | 0.56 | 0.040 | 0.08 | | | |
| | Total | Oxide | 598,000 | 0.56 | 0.040 | 0.08 | 3,300 | 200 | 1,500 |
| | Measured | Sulphide Copper-Cobalt-Gold | 4,149,000 | 1.23 | 0.140 | 0.18 | | | |
| | Indicated | Sulphide Copper-Cobalt-Gold | 1,697,000 | 1.52 | 0.140 | 0.35 | | | |
| | Inferred | Sulphide Copper-Cobalt-Gold | 6,683,000 | 1.71 | ISD | ISD | | | |
| Total | Sulphide Copper-Cobalt-Gold | 12,529,000 | 1.53 | | | 191,700 | 8,200 | 43,100 | |
| | Total Mutooroo | 13,127,000 | | | | 195,000 | 8,400 | 44,600 | |
| Kalkaroo ³ | Measured | Oxide Gold Cap | 12,000,000 | | | 0.82 | | | |
| | Indicated | Oxide Gold Cap | 6,970,000 | | | 0.62 | | | |
| | Inferred | Oxide Gold Cap | 2,710,000 | | | 0.68 | | | |
| | Total | Oxide Gold Cap | 21,680,000 | | | 0.74 | | | 514,500 |
| | Measured | Sulphide Copper-Gold | 85,600,000 | 0.57 | | 0.42 | | | |
| | Indicated | Sulphide Copper-Gold | 27,900,000 | 0.49 | | 0.36 | | | |
| | Inferred | Sulphide Copper-Gold | 110,300,000 | 0.43 | | 0.32 | | | |
| | Total | Sulphide Copper-Gold | 223,800,000 | 0.49 | | 0.36 | 1,096,600 | | 2,590,300 |
| | | Total Kalkaroo | 245,480,000 | | | | 1,096,600 | | 3,104,800 |
| | Inferred | Cobalt Sulphide ⁴ | 193,000,000 | | 0.012 | | | 23,200 | |
| Total All Projects | All Categories (rounded) | 258,607,000 | | | | 1,291,600 | 31,600 | 3,149,400 | |

| Project | Classification | Tonnes (Mt) | Iron (%) | Fe concentrate (Mt) | Estimated yield |
|---------------------------|-----------------------|-------------|----------|---------------------|-----------------|
| Maldorky ⁵ | Indicated | 147 | 30.1 | 59 | 40% |
| Grants ⁶ | Inferred | 304 | 24 | 100 | 33% |
| Total all projects | All categories | 451 | | 159 | |

| Project | Classification | Tonnes (Mt) | eU3O8 (ppm) | Contained eU3O8 (Tonnes) |
|-------------------|----------------|-------------|-------------|--------------------------|
| Oban ⁷ | Inferred | 8 | 260 | 2,100 |

JORC Mineral Resources as of 31 July 2017

| Project | Resource category | Tonnes | Copper (%) | Gold (g/t) | Molybdenum (ppm) | Cobalt (%) | Contained Copper (Tonnes) | Contained Gold (ounces) |
|-----------------------------|-----------------------|--------------------|------------|------------|------------------|------------|---------------------------|-------------------------|
| Kalkaroo ¹ | Gold Cap (Measured) | 12,000,000 | - | 0.82 | | | | 514,600 |
| | Gold Cap (Indicated) | 6,970,000 | - | 0.62 | | | | added to above |
| | Gold Cap (Inferred) | 2,710,000 | - | 0.68 | | | | added to above |
| | CuAu (Measured) | 74,500,000 | 0.56 | 0.42 | | | 1,140,000 | 2,770,000 |
| | CuAu (Indicated) | 46,200,000 | 0.5 | 0.34 | | | added to above | added to above |
| Portia ^{2 5} | CuAu (Inferred) | 111,800,000 | 0.44 | 0.35 | | | added to above | added to above |
| | Inferred | 294,000 | | 2.1 | | | | 20,000 |
| North Portia ^{3 5} | Indicated (supergene) | 2,750,000 | 1 | 0.65 | 451 | | 101,000 | 234,500 |
| | Inferred (sulphide) | 8,610,000 | 0.85 | 0.64 | | | added to above | added to above |
| Mutooroo ⁴ | Measured sulphide | 4,149,000 | 1.23 | 0.18 | | 0.14 | 191,000 | 43,000 |
| | Indicated sulphide | 1,697,000 | 1.52 | 0.35 | | 0.14 | added to above | added to above |
| | Inferred sulphide | 6,683,000 | 1.71 | | | | added to above | |
| | Measured oxide | 598,000 | 0.56 | 0.08 | | 0.04 | | |
| Total all projects | All categories | 278,961,000 | | | | | 1,432,000 | 3,582,100 |

| Project* | Classification | Tonnes (Mt) | Iron (%) | Fe concentrate (Mt) | Estimated yield |
|---------------------------|-----------------------|-------------|----------|---------------------|-----------------|
| Maldorky ⁴ | Indicated | 147 | 30.1 | 59 | 40% |
| Grants ⁷ | Inferred | 304 | 24 | 100 | 33% |
| Total all projects | All categories | 451 | | 159 | |

A maiden Ore Reserve for Kalkaroo was announced during 2018. The 2018 Kalkaroo resource now also includes an additional Inferred cobalt Resource. The minor decrease in contained copper and gold in the 2018 resource table compared to the 2017 resource table is due to the North Portia divestment as announced on 4 June 2018.

Summary of governance arrangements and internal controls in place for the reporting of Ore Reserves and Mineral Resources

Ore Reserves and Mineral Resources are estimated by suitably qualified employees and consultants in accordance with the JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation were reviewed by suitably qualified Competent Persons prior to inclusion in this Annual Report.

Competent Person's Statement

The information in this Annual Report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by geologist, Dr Christopher Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr Giles is a Director of the Company and is employed by Havilah on a consultancy agreement. Dr Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit and activities described herein, to qualify as a Competent Person as defined in the 2012 Edition of "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Giles consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Information for the Kalkaroo resource complies with the JORC Code 2012. All other information was prepared and first disclosed under the JORC Code 2004 on the basis that the information has not materially changed since it was last reported.

Footnotes to the 2017 JORC Mineral Resource Tables

Numbers in table rounded
 Based on JORC resources, details released to ASX: ¹29 March 2017, ²25th June 2009, ³23 November 2010, ⁴18th October 2010, ⁵Under the mining and funding contract for the Portia gold mine between Havilah's wholly-owned subsidiary, Benagerie Gold Pty Ltd (Benagerie) (subsequently divested of on 11 July 2018), and CMC, development and mining of Portia is being conducted on a shared risk/shared revenue basis. CMC is solely responsible for all mining and related costs and is entitled to 50% of the gravity recoverable gold once it is produced and available for sale. Benagerie is solely responsible for ore processing and producing gold ingots at its own cost. Royalties and similar obligations are met jointly by Benagerie and CMC, but otherwise the parties do not have rights to the assets or obligations for the liabilities of the other party.
⁶ Details released to ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)
⁷ Details released to ASX: 25 December 2012 applying an 18% Fe cut-off (Grants)

Footnotes to 2018 JORC Ore Reserve and Mineral Resource Tables

Numbers in tables are rounded
 Based on JORC resources
¹ Details released to ASX: 18 June 2018 (Kalkaroo)
² Details released to ASX: 18 October 2010 (Mutooroo)
³ Details released to ASX 30 January 2018 & 7 March 2018 (Kalkaroo)
⁴ Note that the Kalkaroo cobalt Inferred resource is not added to the total tonnage
⁵ Details released to ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)
⁶ Details released to ASX: 25 December 2012 applying an 18% Fe cut-off (Grants)
⁷ Details released to ASX: 4 June 2009 using a grade-thickness cutoff of 0.015 metre % eU3O8 (Oban)

TENEMENT SCHEDULE

| Tenement No. | Tenement Name | Registered Holder ¹ | Tenement Area (Ha) | % Interest |
|-------------------|---------------|--------------------------------|--------------------|------------|
| Mutooroo | | | 255 | |
| ML5678 | Mutooroo | MUT | 16 | 100 |
| MC3565 | Mutooroo | MUT | 100 | 100 |
| MC3566 | Mutooroo | MUT | 138 | 100 |
| Kalkaroo | | | 2,001 | |
| MC3826 | Kalkaroo | KAL | 249 | 100 |
| MC3827 | Kalkaroo | KAL | 248 | 100 |
| MC3828 | Kalkaroo | KAL | 90 | 100 |
| MC4368 | Kalkaroo | KAL | 975 | 100 |
| MC4369 | Kalkaroo | KAL | 138 | 100 |
| MPLA T02680 | Kalkaroo | KAL | 249 | 100 |
| MPLA T02978 | Kalkaroo | KAL | 52 | 100 |
| Maldorky | | | 859 | |
| MC4271 | Maldorky | MAL | 249 | 100 |
| MC4272 | Maldorky | MAL | 248 | 100 |
| MC4273 | Maldorky | MAL | 132 | 100 |
| MC4274 | Maldorky | MAL | 117 | 100 |
| MC4364 | Maldorky | MAL | 112 | 100 |
| Geothermal | | | 1,305 | |
| GEL181 | Frome | GHT | 1,305 | 100 |

| Tenement No. (EL) | Tenement Name | Registered Holder | Tenement Area (km ²) | % Interest |
|--|----------------------|-------------------|----------------------------------|------------|
| Mutooroo Regional Exploration Area | | | 2,581 | |
| 5393 | Mingary ² | HAV | 229 | 100 |
| 5396 | Olary | HAV | 76 | 100 |
| 5437 | Woodville Dam | HAV | 64 | 100 |
| 5502 | Collins Tank | HAV | 29 | 100 |
| 5578 | Kalabity | HAV | 148 | 100 |
| 5703 | Bundera | HAV | 343 | 100 |
| 5753 | Mutooroo Mine | HAV | 23 | 100 |
| 5754 | Mundi Mundi | HAV | 73 | 100 |
| 5755 | Bonython Hill | HAV | 20 | 100 |
| 5801 | Mutooroo West | HAV | 72 | 100 |
| 5831 | Bonython Hill (2) | HAV | 111 | 100 |
| 5848 | Mingary (2) | HAV | 354 | 100 |
| 5853 | Oratan | HAV | 107 | 100 |
| 5882 | Mutooroo (2) | HAV | 64 | 100 |
| 5956 | Wompinie | HAV | 139 | 100 |
| 6041 | Cutana | HAV | 363 | 100 |
| 6054 | Bindarra | HAV | 157 | 100 |
| 6163 | Mutooroo South | HAV | 151 | 100 |
| 6194 | Bundera Dam | HAV | 58 | 100 |
| Central Curnamona Regional Exploration Area | | | 3,942 | |
| 5421 | Swamp Dam | HAV | 53 | 100 |
| 5422 | Telechie | HAV | 347 | 100 |
| 5423 | Yalu | HAV | 249 | 100 |
| 5488 | Eurinilla | HAV | 70 | 100 |
| 5593 | Billeroo West | HAV | 152 | 100 |
| 5800 | Kalkaroo | HAV | 998 | 100 |
| 5802 | Mulyungarie | HAV | 942 | 100 |
| 5803 | Telechie North | HAV | 35 | 100 |
| 5873 | Benagerie | HAV | 585 | 100 |
| 5903 | Border Block | HAV | 32 | 100 |
| 5904 | Mundaerno Hill | HAV | 58 | 100 |
| 5915 | Emu Dam ³ | HAV | 345 | 100 |
| 6161 | Chocolate Dam | HAV | 59 | 100 |
| 6211 | Cochra | HAV | 17 | 100 |

| Tenement No. (EL) | Tenement Name | Registered Holder | Tenement Area (km ²) | % Interest |
|--|---------------|-------------------|----------------------------------|------------|
| Jupiter Regional Exploration Area | | | 9,689 | |
| 5369 | Lake Charles | HAV | 322 | 100 |
| 5370 | Yalkalpo | CUY | 194 | 100 |
| 5420 | Lake Namba | HAV | 490 | 100 |
| 5448 | Carnanto | HAV | 836 | 100 |
| 5476 | Lake Yandra | HAV | 329 | 100 |
| 5478 | Tarkarooloo | HAV | 26 | 100 |
| 5505 | Lake Frome | HAV | 106 | 100 |
| 5760 | Bumbarlow | HAV | 999 | 100 |
| 5764 | Maljanapa | HAV | 996 | 100 |
| 5785 | Moko | HAV | 795 | 100 |
| 5824 | Coolibah Dam | HAV | 47 | 100 |
| 5940 | Coonarbine | HAV | 619 | 100 |
| 5951 | Jacks Find | CUY | 103 | 100 |
| 5952 | Thurlooka | CUY | 221 | 100 |
| 5964 | Yalkalpo East | CUY | 77 | 100 |
| 5966 | Moolawatana | CUY | 196 | 100 |
| 6056 | Frome | HAV | 47 | 100 |
| 6099 | Lake Carnanto | HAV | 854 | 100 |
| 6164 | Cootabarlow | HAV | 989 | 100 |
| 6165 | Poverty Lake | HAV | 999 | 100 |
| 6203 | Watsons Bore | HAV | 243 | 100 |
| 6258 | Kidman Bore | HAV | 201 | 100 |

Total Tenement Area Curnamona Craton 16,212

| Tenement No. (EL) | Tenement Name | Registered Holder | Tenement Area (km ²) | % Interest |
|---------------------------------------|---------------------|-----------------------------|----------------------------------|------------|
| Prospect Hill Exploration Area | | | 60 | |
| 5891 | Prospect Hill | Teale & Brewer ⁴ | 45 | 65 |
| 5463 | Prospect Hill South | HAV | 15 | 100 |

| Tenement No. (EL) | Tenement Name | Registered Applicant | Tenement Area (km ²) | % Interest |
|----------------------|---------------|-----------------------|----------------------------------|------------|
| Gawler Craton | | | 314 | |
| 6014 | Pernatty | RML, HAV ⁵ | 99 | 12.5 |
| 5579 | Sandstone | HAV | 215 | 100 |

Total Tenement Area 16,586

| Tenement No. (ELA) | Tenement Name | Registered Applicant | Tenement Area (km ²) | % Interest |
|--------------------|------------------|----------------------|----------------------------------|------------|
| 2018/00130 | Prospect Hill SW | HAV | 15 | 100 |

Note 1

MUT: Mutooroo Metals Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited
 KAL: Kalkaroo Copper Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited
 MAL: Maldorky Iron Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited
 GHT: Geothermal Resources Pty Limited, a wholly owned subsidiary of Havilah Resources Limited
 HAV: Havilah Resources Limited
 CUY: Curnamona Energy Pty Limited, a wholly owned subsidiary of Havilah Resources Limited
 Teale & Brewer: Teale and Associates Pty Ltd, Adrian Mark Brewer
 RML: Red Metal Limited

Note 2

1.25% NSR payable to Exco

Note 3

1% NSR payable to MMG

Note 4

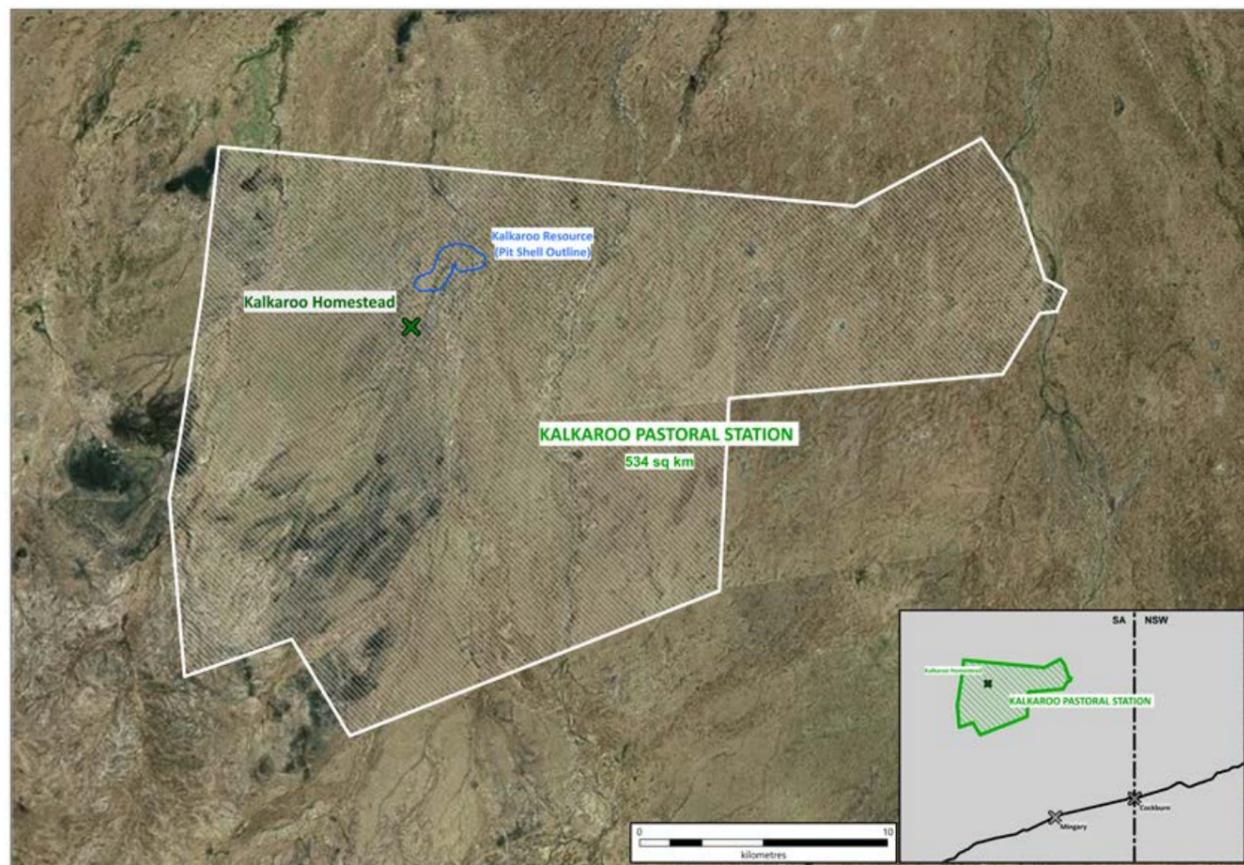
Agreement - farm-in to earn 85% interest in tenement

Note 5

Agreement - farm-in to dilute to 10%

Kalkaroo Station

Ownership: 100% Havilah
Asset: Pastoral Lease and Exploration Camp
Location: 400 km NE of Adelaide, 95 km NW of Broken Hill



A key non-mineral asset owned by Havilah is the 534 km² Kalkaroo Station on which the Kalkaroo copper-cobalt-gold deposit is located.

Benefits

- Creates the opportunity for Havilah to carry out meaningful conservation programs on its land, which can be used for environmental offset purposes.
- Provides Havilah with a “home base” from which it can conduct its exploration and store drill samples and drill core.
- Allows Havilah a cost effective way to manage land use compensation payments.
- Removes the land access risk for the Kalkaroo project.



Kalkaroo Homestead and Exploration Camp



Kalkaroo Station Core Yard

Directors' Report

Principal Activities

The principal activity of the Group is exploration for copper, cobalt, gold, iron ore, uranium, tin, molybdenum, lead and zinc in South Australia, mainly in the Curnamona Craton. The objective is to evaluate and develop the discoveries into profitable operating mines.

During the current financial year, the Group divested the North Portia project and the Portia Gold Mine. Details of the divestment are contained in Note 7 to the consolidated financial statements. The Group maintains a royalty over the underlying ML.

There have been no other significant changes in the nature of these activities during the financial year.

Review of Operations

The Group's primary focus is the execution of its *Copper Strategy – Enhanced by Cobalt*. This strategy includes the Mutooroo, Kalkaroo and North Portia projects. Each of these projects has a resource base comprising copper, cobalt and gold.

Work on the Mutooroo project performed during the financial year resulted in various exploration targets being identified in the Mutooroo Copper-Cobalt District through surface soil sampling. The Group has also developed a detailed work program to explore potential extensions of the existing Mutooroo deposit, as well as investigate prospects within trucking distance of the Mutooroo project. The work program will also include metallurgical studies required to unlock the cobalt potential of the project, which would lead to the completion of a PFS. The application for a ML is also included in this work program. Further work on the Mutooroo project is subject to the Group having access to adequate funds to commit to the work program.

A preliminary PFS has been compiled for the Kalkaroo project under an exclusivity agreement with Wanbao. This resulted in the release of a Proven and Probable Reserve estimation during the financial year. The exclusivity agreement expired on 30 June 2018. The Board will consider the most appropriate strategy to advance the Kalkaroo project once the final PFS has been completed by the Group.

On 11 July 2018, the Group finalised the divestment of the wholly owned subsidiary Benagerie Gold Pty Ltd. The resulting disposal of the Benagerie ML and associated assets is consistent with the Group's *Copper Strategy – Enhanced by Cobalt*. The proceeds of sale included \$13.500 million in staged payments (some of which are dependent on the Group's completion of certain permitting requirements) and a 2% NSR royalty on all commodity sales from the Benagerie ML, which will increase to 3.25% on copper metal sales, once more than 101,400 tonnes of copper metal have been produced and sold. The Group will receive guaranteed payments of \$0.300 million per quarter if the quarterly royalty payment is not at least \$0.300 million per quarter by 30 November 2020 and will continue to receive its current 15% gold revenue stream from the Portia Gold Mine until at least 30 November 2018. Under the agreement, CMC funds 100% of the Portia rehabilitation bond which released the Group's \$1.200 million in bank guarantee obligations with immediate effect upon signature of the agreement on 4 June 2018. The North Portia project divestment during the financial year also resulted in the divestment of the Portia Gold Mine. The Group's share of gold production in this financial year from the Portia Gold Mine until its divestment was 2,382 ounces.

The divestment of the North Portia project has the potential to generate the funding required by the Group to continue with the execution of its *Copper Strategy – Enhanced by Cobalt*.

Key risks which could impact on the Group's ability to deliver its strategy are summarised below:

- Adequate and timely funding: The Group has no operating revenue and is unlikely to generate any operating revenue until the North Portia and Portia (reprocessing of tails) operations commence production after obtaining the required operating permits at which time they should start to generate royalty revenue;
- Exploration success: There can be no guarantee that planned exploration programs will lead to positive exploration results. Mineral exploration is a speculative endeavour and there can be no guarantee that the Group will achieve any of its exploration objectives;

- Metallurgical processing success: The economic viability of the projects is dependent on a number of factors such as the development of an economic process for the treatment and recovery of the copper, cobalt and gold from the ore; and
- Permitting timing: Advancing of projects is dependent on obtaining the required permitting approvals from the relevant regulators as and when planned.

The Group has also continued the permitting of the Maldorky iron ore project, one of the other assets, in its extensive multi-commodity portfolio.

Financial Performance Summary

| Key Business Metrics | 31 July 2018 | 31 July 2017 | Change |
|---|----------------|----------------|----------------|
| | \$ '000 | \$ '000 | |
| Total revenue | 4,811 | 16,860 | -71% |
| Gain on divestment of subsidiary | 5,625 | - | 100% |
| Cost of goods sold (excluding D&A ¹) | (5,248) | (8,324) | 37% |
| Corporate and administrative costs (excluding D&A ¹) | (1,962) | (2,006) | 2% |
| Exploration and evaluation impairment loss | (491) | (199) | -146% |
| EBITDA² | 2,306 | 2,549 | -10% |
| Loss for the financial year³ | (2,990) | (4,229) | 29% |
| Capitalised expenditure: | | | |
| Property, plant and equipment | 208 | 3,068 | -93% |
| Mine development expenditure | - | 1,619 | -100% |
| Exploration and evaluation expenditure | 3,333 | 4,048 | -18% |
| Total capitalised expenditure | 3,542 | 8,735 | -59% |
| Free cash flow – utilised | (5,335) | (346) | -1,440% |
| Gold sales | oz | | |
| | 2,536 | 10,405 | -76% |
| Basic loss per ordinary share – continuing and discontinued operations | cents | | |
| | (1.43) | (2.45) | 42% |

¹ Depreciation and amortisation ('D&A')

² EBITDA is non-IFRS financial information and is not subject to audit. EBITDA for the financial year includes results from discontinued operations.

³ Loss for the financial year includes loss from discontinued operations

Revenue for the financial year was \$4.811 million (2017: \$16.860 million).

EBITDA for the financial year was \$2.306 million (2017: \$2.549 million). This includes an exploration and evaluation impairment provision of \$0.491 million (2017: \$0.199 million) and a gain on the divestment of Benagerie Gold Pty Ltd of \$5.625 million (2017: nil).

The Consolidated Statement of Profit or Loss and Other Comprehensive Income shows a loss after tax for the financial year of \$2.990 million (2017: \$4.229 million).

The Group has estimated tax losses to carry forward of \$56.962 million (2017: \$55.309 million). This has not been recognised in the consolidated financial statements.

Total capitalised expenditure for the financial year was \$3.542 million (2017: \$8.735 million).

As at 31 July 2018 the Group had available cash of \$1.847 million (2017: \$0.888 million).

Operating activities resulted in net cash outflows for the financial year of \$2.779 million (2017: \$6.201 million inflow). Net cash flows used in investing activities for the financial year were \$2.556 million (2017: \$6.547 million).

Negative free cash flow generated by the Group was a \$5.335 million (2017: \$0.346 million).

Earnings per share for continuing and discontinued operations is a loss of \$0.014 (2017: \$0.025).

Dividends

No dividends were paid or declared since the start of the financial year, and the Directors do not recommend the payment of dividends in respect of the financial year.

Shares and Share Options

During the financial year ended 31 July 2018, the Company announced a 1 for 7 renounceable pro-rata rights issue with one free attaching listed option for every two new shares subscribed for. As a result of the rights issue 28.252 million ordinary shares and 13.607 million listed options were issued. The listed options have an exercise price of \$0.40 on or before 30 November 2019. In addition to the rights issue the Company also carried out a placement that included the issue of 6.565 million ordinary shares and 0.800 million unlisted options to Bergen. The unlisted options were vested upon granting with an exercise price of \$0.41 and an expiration date of 6 October 2019.

During the financial year, 0.600 million unlisted share options to acquire ordinary shares in Havilah Resources Limited were granted to a Director under the Company's Employee Share Option Plan. These unlisted options expire on 12 December 2020, were vested upon granting and have an exercise price of \$0.40, subject to ratification by shareholders at the 2018 Annual General Meeting.

3.300 million unlisted share options previously granted lapsed and no share options were exercised during the financial year.

At the date of this report there were 218.249 million ordinary shares, 13.607 million listed share options and 5.050 million unlisted options outstanding.

Details of unissued shares or interests under share options as at the date of this report issued by Havilah are:

| Number of ordinary shares under option | Class of shares | Exercise price of share option | Expiry date of share option |
|--|-----------------------------|--------------------------------|-----------------------------|
| 13,606,867 ¹ | Ordinary – Listed Options | \$0.40 | 30 November 2019 |
| 3,600,000 ² | Ordinary – Unlisted Options | \$0.36 | 15 December 2018 |
| 600,000 ² | Ordinary – Unlisted Options | \$0.40 | 12 December 2020 |
| 50,000 ³ | Ordinary – Unlisted Options | \$0.38 | 1 May 2019 |
| 800,000 ⁴ | Ordinary – Unlisted Options | \$0.41 | 6 October 2019 |

¹ Share options issued under a renounceable pro-rata rights issue.

² Share options issued under the Employee Share Option Plan to directors are subject to shareholder approval at an Annual General Meeting.

³ Share options issued under an employment contract.

⁴ Share options issued under a funding arrangement.

Significant Changes in the State of Affairs

During the financial year contributed equity increased by \$6.603 million due to a rights issue and a share placement. Details of these changes in contributed equity are disclosed in Note 25 to the financial statements. During the current financial year the Group divested the North Portia project and the Portia Gold Mine.

Subsequent Events

Other than noted in Note 41 to the financial statements, there has been no matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental Regulations

The Group carries out exploration activities on its mineral exploration tenements in South Australia and, prior to the recent North Portia divestment, mining and processing activities at the Portia Gold Mine.

The Group's operations, exploration and evaluation activities are subject to a range of South Australian and Commonwealth environmental legislation and associated regulations, as well as site specific environmental criteria. No material breaches of these compliance conditions occurred during the financial year and operational non-compliances, minor in nature, were addressed and resolved satisfactorily.

Diversity In Employment

The Group recognises that strength lies in diversity, that talent can be found in unlikely places, and that our multi-skilled workforce can be a competitive advantage. The Board is committed to workplace equality and diversity and, where possible, offers flexible working arrangements in support of this.

The Group has attracted highly skilled people to perform key functions and strives to hire the best people that the market has to offer given the Group's resources. The divestment of North Portia resulted in a small number of redundancies, but this had limited effect on our diversity profile.

The Group currently has 23 employees, 9 female and 14 male. As at 31 July 2018, the percentage of our work force represented by females has increased to 39%. This is an 11% increase from the prior financial year. Female employees now represent 50% of the professional employees in the Group. This is an 11% increase from the prior financial year.

The Group's leadership team consists of 7 individuals, 4 of whom are female, which means 57% of the leadership team is female.

There is currently no female representation on the Group's Board of Directors.

Community Support

During the financial year, the Group continued to demonstrate support for the communities in which we operate through provision of financial support for sporting events that encourage participation of local indigenous people.

The Group is also a long-term supporter of the Royal Flying Doctor Service via the annual Yunta Races, as well as through direct donations.

Indemnification of Officers and External Auditor

During the financial year the Group paid a premium in respect of a contract insuring Directors and Officers of the Group against a liability incurred as such by a director or officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance specifically prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into an agreement with directors to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

The Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the Group or of any related body corporate, against a liability, incurred as such by an officer or external auditor.

Corporate Governance

The Group adopted fit for purpose systems of control and accountability as the basis for the administration and compliance of effective and practical corporate governance. These systems are reviewed regularly and revised if appropriate.

The Board is committed to administering the Group's policies and procedures with transparency and integrity, pursuing the genuine spirit of good corporate governance practice. To the extent they are applicable, the Group has adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations, 3rd Edition*. As the Group's activities transform in size, nature and scope, additional corporate governance structures will be considered by the Board and assessed as to their relevance.

In accordance with the ASX Principles and Recommendations and the ASX Listing Rules, the Corporate Governance Statement and Appendix 4G checklist are released to the ASX on the same day the Annual Report is released. The Corporate Governance policies and charters can both be found at <http://www.havilah-resources.com.au/company/corporate-governance/>.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

External Auditor's Independence Declaration

The auditor's independence declaration is included on page 111.

Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.



Vulnerable Purple Wood Wattle Conservation on Kalkaroo Station



Current Directors

Mr Kenneth Williams (Independent Non-executive Chairman)

Mr Mark Stewart (Independent Non-executive Director, Chairman of the Audit & Risk Committee)

Dr Christopher Giles (Executive Director - Technical)

Former Director

Mr Paul Mertin (Independent Non-executive Director) - Resigned 12 December 2017

Mr Kenneth Williams *BEC (Hons), MAppFin, MAICD*

Mr Williams was appointed to the Board of Havilah Resources Limited as an Independent Non-executive Director in November 2003 and elected as Chairman in November 2013. Mr Williams has extensive experience in corporate finance and risk management gained through his experience in senior roles in the treasury operations at Qantas Airways Limited and Normandy Mining Limited, before being appointed Chief Financial Officer. Mr Williams' career progression then saw him appointed to the role of Group Executive Finance and Business Manager at Newmont Australia Limited. Mr Williams was also Chairman of a former ASX listed company, AWE Limited, and is the current Chairman of Statewide Super SA. Mr Williams is a member of the Australian Institute of Company Directors and is a resident of Adelaide.

Directorships

Havilah Resources Limited (since 2003)
Current Director & Chairman of Statewide Super SA
Former Director & Chairman of AWE Limited

Havilah Shares and Options

636,980 fully paid ordinary shares.
39,811 listed options with an exercise price of \$0.40 per option on or before 30 November 2019.
600,000 unlisted options with an exercise price of \$0.36 per option on or before 15 December 2018.

Mr Paul Mertin *GAICD*

Mr Mertin served on the Board of Havilah Resources Limited from October 2013 to December 2017. Mr Mertin joined the Havilah Board following his retirement as the Head of National Australia Bank's Corporate Banking in South Australia. Mr Mertin stepped down from the Havilah Board following his promotion to his current role as Acting State Manager SA & NT for the Bendigo Bank and Adelaide Bank. Mr Paul Mertin is a resident of Adelaide and a Graduate Member of the Australian Institute of Company Directors.

Directorships

Havilah Resources Limited (2013- 2017)

Havilah Shares and Options

193,543 fully paid ordinary shares.
12,097 listed options with an exercise price of \$0.40 per option on or before 30 November 2019.
600,000 unlisted options with an exercise price of \$0.36 per option on or before 15 December 2018.

Mr Mark Stewart *Bjourn, LLB, HDip Co Law, HDip Tax Law MAICD*

Mr Stewart was appointed to the Board of Havilah Resources Limited in December 2017. Mr Stewart has over 26 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. Mr Stewart worked as an in-house lawyer for Anglo American plc for over ten years, negotiating acquisitions and joint ventures throughout Africa, South East Asia and Australia. Mr Stewart has broad commercial experience in the junior mining and resources sector having worked for junior listed resource companies from 2003 to 2010, including several years as Managing Director of two ASX listed exploration companies (Uranex NL and Clancy Exploration Ltd), which he listed in 2005 and 2007. Mr Stewart is a practicing commercial and corporate lawyer. The law firm of which he is a principal has provided legal advice to the Company from time to time on normal commercial terms. Mr Stewart is a member of the Australian Institute of Company Directors and is a resident of Adelaide.

Directorships

Havilah Resources Limited (since 2017)

Havilah Shares and Options

105,000 fully paid ordinary shares.
50,000 listed options with an exercise price of \$0.40 expiring 30 November 2019.
600 000 unlisted options with an exercise price of \$0.40 on or before 12 December 2020.

MEET THE BOARD

Dr Christopher Giles *BSc (Hons), PhD, MAIG*

Dr Giles is an internationally experienced exploration geologist having been directly involved in exploration programs resulting in the discovery of several operating gold mines in various parts of the world, including Indonesia, Tanzania, and the Tanami and the Eastern Goldfields regions of Australia. Dr Giles is a founding member of Havilah Resources Limited and has played a key role in the strategic accumulation of Havilah's ~16,500km² tenement holding in the Curnamona Province of northeastern South Australia. As Technical Director for Havilah Resources, Dr Giles has been responsible for ground selection and overseeing exploration programs contributing to the delineation of eight new mineral deposits within this tenement area, resulting in Havilah's large JORC mineral inventory. Dr Giles is an Executive Director and continues to provide technical guidance within the business. Dr Giles is a member of the Australian Institute of Geoscientists and is a resident of Adelaide.

Directorships

Havilah Resources Limited (since 2002)

Havilah Shares and Options

41,945,674 fully paid ordinary shares.

753,566 listed options with an exercise price of \$0.40 per option on or before 30 November 2019.

2,400,000 unlisted options with an exercise price of \$0.36 per option on or before 15 December 2018.

Meetings of Directors

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 25 board meetings were held and 2 meetings of the audit and risk committee were held.

| Meeting Director | Board of Directors | | Audit and Risk Committee | |
|----------------------|--------------------|----------|--------------------------|----------|
| | Held | Attended | Held | Attended |
| Mr Kenneth Williams | 25 | 25 | 2 | 2 |
| Mr Paul Mertin | 9 | 9 | 1 | 1 |
| Mr Mark Stewart | 17 | 17 | 1 | 1 |
| Dr Christopher Giles | 25 | 24 | 2 | 1 |



Landscape at Maldorky Project

COMPANY SECRETARIES

Mr Walter Richards *BComm (Hons)(Accountancy), MSPM, CA, CA(SA), ACMA*

Mr Richards has more than 20 years' experience working in various roles in the mining industry in South Africa, USA, Ghana, and Australia, focusing on project management and project development. He joined Havilah in April 2014 in the role of Chief Financial Officer & Company Secretary. In November 2017, Mr Richards was appointed as the Chief Executive Officer of Havilah. Prior to commencing at Havilah, Mr Richards worked for Newmont Mining Corporation in a variety of roles, including that of Regional Vice President – Finance, Africa during the project development and construction of its Akyem mine in Ghana, West Africa, as well as for the Stillwater Mining Company in the USA as Project Controller.

Ms Claire Redman *BIntSt (Hons)*

Ms Redman joined Havilah in January 2017 as Business Manager following over 20 years' experience in a number of South Australian based and global businesses across diverse sectors including manufacturing, resources, and construction. Ms Redman's core competencies include employment relations, recruitment, performance management and organisational development. Prior to commencing at Havilah, Ms Redman was Human Resources Manager at Ellex Medical. Ms Redman was appointed as Company Secretary, reporting to the Chairman of the Board of Havilah in December 2017.



Regional Centre - Broken Hill

Remuneration Report (Audited)

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Group's key management personnel for the financial year ended 31 July 2018. The term key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel details;
- Remuneration policy;
- Relationship between the remuneration policy and Group performance;
- Remuneration of key management personnel; and
- Key terms of employment contracts.

Key management personnel details

The following persons acted as directors or other key management personnel of the Group during or since the end of the financial year:

| Non-executive Directors | Position |
|--|--|
| Mr Kenneth Williams | Chairman, Independent Non-executive Director |
| Mr Paul Mertin (resigned 12 December 2017) | Independent Non-executive Director |
| Mr Mark Stewart (appointed 12 December 2017) | Independent Non-executive Director |

| Executive Officers | Position |
|---|--|
| Dr Christopher Giles (stepped down as Managing Director 16 November 2017, appointed 16 November 2017) | Executive Director-Technical |
| Mr Walter Richards (resigned as Chief Financial Officer 16 November 2017, appointed 16 November 2017) | Chief Executive Officer, Company Secretary |

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

Due to its size, the Group does not have a remuneration committee. The compensation of directors is reviewed by the Board of Directors with the exclusion of the relevant director concerned. The compensation of other key management personnel is reviewed by the Board of Directors.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality directors and other key management personnel. External advice on remuneration matters is sought whenever the Board of Directors deems it necessary. No external advice on remuneration matters was obtained during the financial year ended 31 July 2018.

The performance of the Group depends on the quality of its directors and other key management personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- Link executive rewards to shareholder value (by the granting of share options);
- Link rewards with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

The issue of share options to directors and other key management personnel as part of their remuneration is not dependent on the satisfaction of performance conditions other than as set out below with respect to the short-term incentive plan. These conditions have been determined to align the performance of the directors and other key management personnel with the performance of the Group.

Total compensation for all Non-executive directors, last voted upon by shareholders at the 2016 Annual General Meeting, is not to exceed \$300,000 per annum.

Relationship between the remuneration policy and Group performance

There is no link between the Group's performance and the setting of remuneration, except as discussed above in relation to share options for other key management personnel.

No dividends have been declared during the five years ended 31 July 2018 and the Board of Directors does not recommend the payment of a dividend in respect of this financial year.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth to 31 July 2018.

| | 31 July 2018 | 31 July 2017 | 31 July 2016 | 31 July 2015 | 31 July 2014 |
|---|--------------|--------------|--------------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue ¹ | 4,811 | 16,860 | 2,745 | - | - |
| EBITDA ² | 2,306 | 2,549 | (302) | (4,496) | (8,128) |
| (Loss)/profit after tax for the financial year ³ | (2,990) | (4,229) | 1,210 | (4,793) | (8,280) |
| Total comprehensive (loss)/income ³ | (2,990) | (3,260) | 241 | (4,793) | (8,280) |
| Free cash flow - utilised ⁴ | (5,335) | (346) | (5,519) | (4,729) | (4,550) |

| | 31 July 2018 | 31 July 2017 | 31 July 2016 | 31 July 2015 | 31 July 2014 |
|--|--------------|--------------|--------------|--------------|--------------|
| Share price at beginning of the financial year \$ | 0.36 | 0.41 | 0.25 | 0.15 | 0.35 |
| Share price at end of the financial year \$ | 0.22 | 0.36 | 0.41 | 0.25 | 0.15 |
| Basic (loss)/profit per ordinary share - from continuing and discontinued operations cents | (1.43) | (2.45) | 0.70 | (3.10) | (6.90) |
| Diluted (loss)/profit per ordinary share - from continuing and discontinued operations cents | (1.43) | (2.45) | 0.60 | (3.10) | (6.90) |

¹ Revenue for the current financial year includes \$4.751 million related to discontinued operations.

² EBITDA for the current financial year includes \$0.820 million loss related to discontinued operations.

³ Loss after tax and total comprehensive loss for the current financial year includes a loss of \$4.769 million related to discontinued operations.

⁴ Free cash flow utilised for the current financial year includes cash outflow of \$2.025 million related to discontinued operations.

REMUNERATION REPORT (AUDITED)

Remuneration of key management personnel

| 2018 | Short-term employee benefits | | | | Post-employment benefits | Long-term employee benefits | Share-based payments | | Total \$ |
|--------------------------------|------------------------------|---------------|-----------------|----------|--------------------------|-----------------------------|----------------------------------|---|----------|
| | Salary & fees \$ | Cash Bonus \$ | Non-monetary \$ | Other \$ | Super-annuation \$ | Long service leave \$ | Options & rights ¹ \$ | | |
| Non-executive Directors | | | | | | | | | |
| Mr Kenneth Williams | 97,719 | - | - | - | 9,283 | - | - | - | 107,002 |
| Mr Paul Mertin | 22,147 | - | - | - | 2,104 | - | - | - | 24,251 |
| Mr Mark Stewart | 38,462 | - | - | - | 3,654 | - | 34,558 | - | 76,673 |
| Executive Officers | | | | | | | | | |
| Dr Christopher Giles | 174,984 ² | - | - | - | - | - | - | - | 174,984 |
| Mr Walter Richards | 330,000 | - | - | - | 31,351 | - | - | - | 361,357 |

¹ The value of the options and rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date. Share options do not represent cash payments to directors and other key management personnel. Share options granted may or may not be exercised by directors and other key management personnel.

² Consulting fees paid to a nominated company in which the director has a controlling interest.

| 2017 | Short-term employee benefits | | | | Post-employment benefits | Long-term employee benefits | Share-based payments | | Total \$ |
|--------------------------------|------------------------------|------------------------|-----------------|----------|--------------------------|-----------------------------|----------------------------------|---|----------|
| | Salary & fees \$ | Cash bonus \$ | Non-monetary \$ | Other \$ | Super-annuation \$ | Long service leave \$ | Options & rights ¹ \$ | | |
| Non-executive Directors | | | | | | | | | |
| Mr Kenneth Williams | 93,667 | - | - | - | 8,898 | - | - | - | 102,565 |
| Mr Paul Mertin | 53,697 | - | - | - | 5,101 | - | - | - | 58,798 |
| Executive Officers | | | | | | | | | |
| Dr Christopher Giles | 174,984 ² | 134,000 ³ | - | - | - | - | - | - | 308,984 |
| Mr Walter Richards | 330,000 | 136,037 ^{3,4} | - | - | 44,574 | - | 27,521 | - | 538,132 |

¹ The value of the options and rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date. Share options do not represent cash payments to directors and other key management personnel. Share options granted may or may not be exercised by directors and other key management personnel.

² Consulting fees paid to a nominated company in which the director has a controlling interest.

³ Bonus paid used to immediately exercise listed options.

⁴ Bonus consisted of salary adjustments from May 2015.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

| | Fixed remuneration | | Remuneration linked to performance | |
|--------------------------------|--------------------|------|------------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Non-executive Directors | | | | |
| Mr Kenneth Williams | 100% | 100% | 0% | 0% |
| P S Mertin | 100% | 100% | 0% | 0% |
| M R Stewart | 100% | - | 0% | - |
| Executive Officers | | | | |
| Dr Christopher Giles | 100% | 57% | 0% | 43% |
| Mr Walter Richards | 100% | 71% | 0% | 29% |

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses, short term incentive plan, and share-based payments granted as compensation for the current financial year

Cash bonuses

No cash bonuses were granted during the financial year.

Short term incentive plan

The Group operates a short-term incentive plan for management and salaried employees (excluding executive directors, but including the managing director).

The annual award is subject to the Group generating positive free cash flow and is also subject to the absolute discretion of the Board of Directors. Payment of the bonus can be satisfied in cash or options, subject to the discretion of the Board of Directors.

The percentage bonus awarded is calculated based on the Group's performance objectives and individual performance objectives related to the annual business plan as approved by the Board of Directors. The formula rewards management and salaried employees against the extent of the Group's and individual's achievement against both qualitative and quantitative criteria. The Group's performance objective measurements are:

- Safety;
- Environmental stakeholder engagement;
- Team performance;
- Reporting, planning & management;
- Investors / shareholders engagement;
- Risk / opportunity management; and
- Funding success.

No award was approved during the financial year.

Employee share option plan

The Group operates an ownership-based scheme for directors and employees of the consolidated entity. The plan, which has expired, was approved by shareholders at the 2009 Annual General Meeting. In accordance with the provisions of the plan, directors and employees may be granted options to purchase parcels of ordinary shares at an exercise price set by the Board of Directors at its discretion.

REMUNERATION REPORT (AUDITED)

Each employee share option converts into one ordinary share of Havilah Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is set by the Board of Directors at its discretion.

The options granted expire within the option period set by the Board of Directors at its discretion. Options expire one month after the resignation of the director or employee.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

| Name | Grant date | Grant date fair value | Exercise price | Expiry date | Vesting date |
|--------------------------------|------------------|-----------------------|----------------|------------------|--------------|
| Non-executive Directors | | | | | |
| Mr Kenneth Williams | 9 December 2015 | \$0.12 | \$0.36 | 15 December 2018 | 100% vested |
| Mr Mark Stewart ¹ | 12 December 2017 | \$0.06 | \$0.40 | 12 December 2020 | 100% vested |
| Executive Officers | | | | | |
| Dr Christopher Giles | 9 December 2015 | \$0.11 | \$0.36 | 15 December 2018 | 100% vested |
| Mr Walter Richards | 1 April 2014 | \$0.11 | \$0.38 | 1 April 2018 | Expired |

¹ Grant of options subject to ratification by the shareholders at the 2018 Annual General Meeting.

At the discretion of the Board of directors, in recognition of Mr Paul Mertin's service as a director, the 600,000 unlisted options with an exercise price of \$0.36 and expiry date of 15 December 2018 did not expire one month after his resignation.

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Details of share-based payments granted as compensation to key management personnel during the current financial year:

| Name | Number granted | Number vested | % of grant vested | % of grant forfeited |
|-----------------|----------------|---------------|-------------------|----------------------|
| Mr Mark Stewart | 600,000 | 600,000 | 100% | - |

During the year, no key management personnel exercised options that were granted to them as part of their compensation.

The following table summarises the number of options that lapsed during the financial year, in relation to options granted to key management personnel as part of their remuneration:

| Name | Financial year in which the options were granted | Number of options lapsed during the current year |
|--------------------|--|--|
| Mr Walter Richards | 2014 | 1,200,000 |

Value of share options – basis of calculation:

- Value of share options granted at issue date is calculated by multiplying the fair value of share options at issue date or execution of employment agreements, if earlier, by the number of share options granted during the financial year;
- Value of share options exercised at exercise date is calculated by multiplying the fair value of share options at the time they are exercised (calculated as the difference between exercise price and the ASX last sale price on the day that the share options were exercised) by the number of share options exercised during the financial year. Where the exercise price is greater than the last sale price, the value is \$nil;

- Value of share options cancelled is calculated by multiplying the fair value of share options at the time they were cancelled by the number of share options cancelled during the financial year. Where the exercise price is greater than the last sale price, the value is \$nil; and
- Value of share options lapsed at the lapse date is calculated by multiplying the market price of the share options at the time they lapsed by the number of share options lapsed during the financial year. Where the exercise price is greater than the last sale price, the value is \$nil.

The total value of share options included in compensation for the financial year is calculated in accordance with Australian Accounting Standard AASB 2 'Share-based Payment'. Share options granted during the financial year are recognised in compensation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their vesting period.

Key terms of employment contracts

During the current financial year there has been no increase in the compensation of any of the key management personnel.

Non-executive Directors

Mr Kenneth Williams

| | |
|-----------------------|---|
| Contract: | Non-executive Director. |
| Duration: | No expiration. |
| Termination Payments: | None. |
| Remuneration: | \$97,717 (2017: \$97,717) per annum, exclusive of statutory superannuation. |

Mr Paul Mertin

| | |
|-----------------------|---|
| Contract: | Non-executive Director. |
| Duration: | No expiration. |
| Termination Payments: | None. |
| Remuneration: | \$50,000 as Non-executive director and \$9,361 as chairman of the Audit and Risk Committee. Total \$59,361 (2017: \$59,361) per annum, exclusive of statutory superannuation. |

Mr Mark Stewart

| | |
|-----------------------|---|
| Contract: | Non-executive Director. |
| Duration: | No expiration. |
| Termination Payments: | None. |
| Remuneration: | \$50,000 as Non-executive director and \$9,361 as chairman of the Audit and Risk Committee (effective 13 February 2018). Total \$59,361 (2017: \$nil) per annum, exclusive of statutory superannuation. |

Executive Officers

Dr Christopher Giles

| | |
|-----------------------|--|
| Contract: | Consulting service agreement. |
| Duration: | Expires 31 July 2019. |
| Period of Notice: | 1 month notice in accordance with Consulting Agreement. |
| Termination Payments: | Payment for the period from termination date to the end of the current contract extension, which at this time is 31 July 2019. |
| Remuneration: | Minimum of 1,600 hours per annum at \$174,984 per annum and additional hours at \$100 per hour. There has been no change in the compensation terms since 2017. |
| Contingent Liability: | \$nil (2017: \$nil). |

REMUNERATION REPORT (AUDITED)

Mr Walter Richards

| | |
|--------------------------------------|---|
| Contract: | Executive service agreement. |
| Duration: | No fixed term. |
| Period of Notice: | Six months. |
| Termination Payments: | Payment in lieu of notice. |
| Remuneration – Base Salary: | \$330,000 (2017: \$330,000) per annum, exclusive of statutory superannuation. |
| Remuneration – Short term incentive: | Up to 50% of the Base Salary, payable at the discretion of the Board. |
| Remuneration – Long term incentive: | Eligible to participate in any long-term incentive plan that the Company may introduce. At present the Company does not have a long-term incentive plan in place. |

Loans to key management personnel

During the current financial year there have been no loans made to any of the key management personnel.

Key management personnel equity holdings

Fully paid ordinary shares of Havilah Resources Limited

| Name | Balance at 31 July 2017 Number | Granted as compensation Number | Received on exercise of options Number | Net other change ¹ Number | Balance at 31 July 2018 Number | Balance held nominally ² Number |
|--------------------------------|-----------------------------------|-----------------------------------|---|---|-----------------------------------|---|
| Non-executive Directors | | | | | | |
| Mr Kenneth Williams | 557,358 | - | - | 79,622 | 636,980 | - |
| Mr Mark Stewart | - | - | - | 105,000 | 105,000 | - |
| Executive Officers | | | | | | |
| Dr Christopher Giles | 40,921,108 | - | - | 1,024,566 | 41,945,674 | - |
| Mr Walter Richards | 404,907 | - | - | 5,000 | 409,907 | - |

¹ Represents ordinary shares purchased on market, participation in rights issue, or listed options exercised.

² Held nominally refers to the situation where the ordinary shares are in the name of the director or other key management personnel but he is not the beneficial owner.

Share options (listed and unlisted) of Havilah Resources Limited

| Name | Balance at 31 July 2017 Number | Granted as compensation Number | Exercised Number | Net other change ¹ Number | Balance at 31 July 2018 Number | Balance vested at 31 July 2018 Number | Vested but not exercisable Number | Vested and exercisable Number | Options vested during year Number |
|--------------------------------|-----------------------------------|-----------------------------------|---------------------|---|-----------------------------------|--|--------------------------------------|----------------------------------|--------------------------------------|
| Non-executive Directors | | | | | | | | | |
| Mr Kenneth Williams | 600,000 | - | - | 39,811 | 639,811 | 639,811 | - | 639,811 | - |
| Mr Mark Stewart | - | 600,000 | - | 50,000 | 650,000 | 650,000 | - | 650,000 | 650,000 |
| Executive Officers | | | | | | | | | |
| Dr Christopher Giles | 2,400,000 | - | - | 510,784 | 2,910,784 | 2,910,784 | - | 2,910,784 | - |
| Mr Walter Richards | 1,200,000 | - | - | (1,197,500) | 2,500 | 2,500 | - | 2,500 | - |

¹ Represents listed options purchased on market, participation in rights issue, or expiration of options.

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, no options were exercised by key management personnel. Further details of the employee share option plan and of share options granted during the 2018 and 2017 financial years are contained in Note 36 to the consolidated financial statements.

Other transactions with key management personnel of the Group

Key management personnel hold positions in other entities or have relationships with parties that result in them potentially having control or significant influence over those entities or parties. During the financial year, key management personnel related entities or parties transacted with the Group. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities or parties on an arm's length basis.

Signed on 31 October 2018 in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Board of Directors,



Mr Kenneth Williams
Independent Non-executive Chairman



Old Workings of late 1800's Mutooroo Mine

Annual Financial Report

ANNUAL FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 July 2018

| | Note | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|--|------|-----------------------------------|-----------------------------------|
| Continuing operations | | | |
| Revenue | | 60 | - |
| Gain on divestment of subsidiary | 27 | 5,625 | - |
| Other income | 5(a) | 51 | 60 |
| Gain/(loss) on revaluation of financial assets | | 33 | (69) |
| Gain on sale of property, plant and equipment | | 9 | - |
| Expenses | | | |
| Administration expenses | | (825) | (696) |
| Employee benefit expenses | 5(b) | (761) | (847) |
| Exploration expenditure written-off | 14 | (491) | (199) |
| Government R&D grant derecognised | 6 | (141) | - |
| Finance costs | | (213) | (430) |
| Corporate costs | | (203) | (201) |
| Depreciation and amortisation | 16 | (187) | (164) |
| Directors' fees | | (180) | (161) |
| Share-based payments expense | | (35) | (33) |
| Profit/(loss) before income tax | | 2,742 | (2,739) |
| Tax expense | 8(a) | (963) | (2,414) |
| Profit/(loss) for the financial year from continuing operations | | 1,779 | (5,153) |
| Discontinued operations | | | |
| (Loss)/profit for the financial year from discontinued operations | 7 | (4,769) | 924 |
| Loss for the financial year attributable to equity holders of the Company | | (2,990) | (4,229) |
| Other comprehensive income, net of income tax | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Fair value reversal on hedging instrument, net of tax | | - | 969 |
| Total comprehensive loss for the financial year attributable to equity holders of the Company | | (2,990) | (3,260) |
| Loss per share attributable to equity holders of the Company | | | |
| | | Cents | Cents |
| From continuing and discontinued operations | | | |
| Basic loss per ordinary share: | 32 | (1.43) | (2.45) |
| Diluted loss per ordinary share: | 32 | (1.43) | (2.45) |

This statement should be read in conjunction with the notes to the consolidated financial statements

Consolidated Statement of Financial Position

As at 31 July 2018

| | Note | 31 July 2018 \$'000 | 31 July 2017 \$'000 |
|--------------------------------------|------|------------------------|------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 9 | 1,847 | 888 |
| Inventory | 10 | 571 | 1,843 |
| Trade and other receivables | 11 | 144 | 238 |
| Other financial assets | 12 | 3,182 | - |
| Other | 13 | 156 | 124 |
| Total Current Assets | | 5,900 | 3,093 |
| Non-Current Assets | | | |
| Exploration and evaluation | 14 | 32,984 | 33,913 |
| Mine development | 15 | - | - |
| Property, plant and equipment | 16 | 2,973 | 9,279 |
| Deferred tax assets | 8(b) | - | - |
| Other receivables | 18 | - | 1,020 |
| Other financial assets | 17 | 7,533 | 107 |
| Total Non-Current Assets | | 43,489 | 44,319 |
| Total Assets | | 49,389 | 47,412 |
| Current Liabilities | | | |
| Trade and other payables | 19 | 866 | 2,504 |
| Borrowings | 20 | 171 | 141 |
| Provisions | 21 | 723 | 694 |
| Other financial liability | 22 | 1,363 | - |
| Other | | 508 | 507 |
| Total Current Liabilities | | 3,631 | 3,846 |
| Non-Current Liabilities | | | |
| Provisions | 23 | - | 1,047 |
| Other | 24 | 676 | 1,142 |
| Total Non-Current Liabilities | | 676 | 2,189 |
| Total Liabilities | | 4,307 | 6,035 |
| Net Assets | | 45,083 | 41,377 |
| Equity | | | |
| Contributed equity | 25 | 71,675 | 65,072 |
| Reserves | 26 | (2,086) | (1,841) |
| Accumulated losses | | (24,506) | (21,854) |
| Total Equity | | 45,083 | 41,377 |

This statement should be read in conjunction with the notes to the consolidated financial statements.

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Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 July 2018

| | Contributed equity \$'000 | Fair-value revaluation reserve \$'000 | Buy-out reserve \$'000 | Share-based payments reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|---|------------------------------|--|---------------------------|--|------------------------------|-----------------|
| Balance as at 1 August 2016 | 60,183 | (969) | (2,600) | 1,035 | (17,876) | 39,773 |
| Loss for the financial year | - | - | - | - | (4,229) | (4,229) |
| Net fair value loss on hedging instrument | - | 1,384 | - | - | - | 1,384 |
| Related income tax | - | (415) | - | - | - | (415) |
| Total comprehensive income/ (loss) for financial year | - | 969 | - | - | (4,229) | (3,260) |
| Issue of 1,516,569 ordinary shares for purchase of plant and equipment | 872 | - | - | - | - | 872 |
| Issue of 675,000 ordinary shares on exercise of unlisted options | 224 | - | - | (57) | - | 167 |
| Issue of 12,642,927 ordinary shares on exercise of listed share options | 3,793 | - | - | - | - | 3,793 |
| Unlisted share options lapsed | - | - | - | (251) | 251 | - |
| Share-based payment expenses | - | - | - | 33 | - | 33 |
| Balance as at 31 July 2017 | 65,072 | - | (2,600) | 759 | (21,854) | 41,378 |
| Loss for the financial year | - | - | - | - | (2,990) | (2,990) |
| Total comprehensive income for financial year | - | - | - | - | (2,990) | (2,990) |
| Issue of 6,212,121 ordinary shares to Bergen | 1,161 | - | - | - | - | 1,161 |
| Issue of 353,448 shares to Bergen for commencement fee | 103 | - | - | - | - | 103 |
| Issue of 800,000 unlisted options to Bergen | (57) | - | - | 57 | - | - |
| Issue of 28,252,463 ordinary shares in rights issue at \$0.20 per share | 5,650 | - | - | - | - | 5,650 |
| Share issue costs | (363) | - | - | - | - | (363) |
| Income tax consequences of share issue costs | 109 | - | - | - | - | 109 |
| Unlisted share options lapsed | - | - | - | (337) | 337 | - |
| Share-based payment expenses | - | - | - | 35 | - | 35 |
| Balance as at 31 July 2018 | 71,675 | - | (2,600) | 514 | (24,506) | 45,083 |

This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 July 2018

| | Note | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|--|-------|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | | |
| Receipts from customers | | 4,811 | 16,860 |
| Miscellaneous receipts | | 66 | 19 |
| Payments to suppliers | | (7,489) | (10,487) |
| Interest and other costs of finance paid | | (167) | (191) |
| Net cash flows (used in)/provided by operating activities | 35(a) | (2,779) | 6,201 |
| Cash flow from investing activities | | | |
| Interest received | | 16 | 12 |
| Refund for security deposit | | 3 | 107 |
| Payments for exploration and evaluation | | (3,058) | (4,245) |
| Payments for mine development | | - | (1,278) |
| Payments for property, plant and equipment | | (229) | (1,143) |
| Proceeds from sale of subsidiary | | 1,000 | - |
| Permitting costs pursuant to contract of sale of subsidiary | | (288) | - |
| Net cash flows used in investing activities | | (2,556) | (6,547) |
| Cash flow from financing activities | | | |
| Proceeds from issue of ordinary shares | | 6,656 | 3,961 |
| Payments for ordinary share issue costs | | (165) | - |
| Proceeds from government grants | | - | 200 |
| Payment for borrowing costs | | - | (54) |
| Repayment of borrowings | | (197) | (3,582) |
| Net cash flows provided by financing activities | | 6,294 | 525 |
| Net increase in cash | | 959 | 179 |
| Cash and cash equivalents at beginning of financial year | | 888 | 709 |
| Cash and cash equivalents at end of financial year | 35(b) | 1,847 | 888 |

This statement should be read in conjunction with the notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, AAS and Interpretations, and comply with other requirements

of the law. The consolidated financial statements are for the Group. A description of the nature of the operations and principal activities of the Group are described in the Directors' Report. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Compliance with AAS ensures that the consolidated financial statements and notes of the Group comply with IFRS as issued by the International Accounting Standards Board.

Basis of preparation

These general purpose financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

In the application of AAS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates, assumptions and judgements

The following are significant accounting estimates, assumptions and judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. The determination of a JORC resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an estimated interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable interest rate.

Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the JORC Code. Reserves and mineral resources determined in this way are taken into account in the calculation of impairment.

Provision for rehabilitation estimates

Provision for rehabilitation is estimated taking into consideration facts and circumstances available at the reporting date. This estimate is based on the expenditure required to undertake the rehabilitation, taking into consideration the time value of money. Factors that may affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and change in the timing of cash flows. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the reporting period in which they change or become known.

Recoverability of deferred tax assets

The Group's ability to recognise deferred tax assets relies on assumptions about the generation of future taxable profits.

These taxable profit estimates are based on estimated future production, commodity prices, and exchange rates, operating costs, rehabilitation costs and capital expenditures.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain plant and equipment.

The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial statements:

a. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised and expensed in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant AAS. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 'Share-based Payment'; and
- Assets that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date, and is subject to a maximum of one year.

b. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and for presentation in the consolidated statement of cash flows comprise cash on hand, cash in banks and short-term bank deposits that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

c. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d. Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation expense in the reporting period in which they are incurred, except where the following conditions are satisfied:

- i. The rights to tenure of the area of interest are current; and
- ii. At least one of the following conditions is also met:
 - The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, costs of studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 'Exploration for and Evaluation of Mineral Resources') suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which they have been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss, if any.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous financial years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and reclassified to mine development expenditure.

e. Financial assets

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract the terms of which require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company's financial statements.

Other financial assets are classified into the following specified categories: held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and share options held by the Group are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the financial year. Fair value has been determined based on quoted market prices.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

f. Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

g. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

h. Government grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants the primary condition of which is to assist with exploration and evaluation activities are recognised as deferred income in the consolidated statement of financial position and recognised as income on a systematic basis when the related exploration and evaluation expenditure is written-off or amortised.

Other government grants are recognised as income over the reporting periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income in the reporting period in which the funds become receivable.

Amounts received under the Research and Development Tax Incentive scheme are treated as Government grants.

i. Inventories

Ore, gold in circuit and gold dore is physically measured or estimated and valued at the lower of cost and net realisable value. Costs are determined using an average weighted cost which includes the Group's direct and overhead costs, including amortisation and depreciation.

j. Impairment of assets (other than exploration and evaluation)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior reporting periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

k. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior financial years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the reporting period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for financial year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Havilah Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the head entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in Note 8 to the consolidated financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

l. Contributed equity

Ordinary shares are classified as equity. Issued capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of ordinary shares are deducted from issued share capital, net of any related income tax.

m. Joint arrangements

The Group undertakes a number of business activities through joint arrangements, which exist when two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures, based on the contractual rights and obligations between the parties to the arrangement. The Group has two types of joint arrangements – joint operations and joint ventures.

Joint operation

A joint operation is an arrangement in which the Group shares joint control, primarily via contractual arrangements with other parties. In a joint operation, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to the Group's interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses. All such amounts are measured in accordance with the terms of the arrangement, which is usually in proportion to the Group's interest in the joint operation.

Joint venture

A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities relating to the arrangement. More than an insignificant share of output from a joint venture is sold to third parties, which indicates the joint venture is not dependent on the parties to the arrangement for funding, nor do the parties have an obligation for the liabilities of the arrangement. Joint ventures are accounted for using the equity accounting method.

n. Leased assets

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset (refer to Note 1(p)).

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o. Mine development

Mine development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, mine development is amortised over the economic life of the mine on a units-of-production basis. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production amortisation calculations are accounted for on a prospective basis.

p. Property, plant and equipment

Pastoral leases are stated at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the pastoral lease.

Plant and equipment is stated at cost less amortisation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Plant and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following estimated useful lives are used in the calculation of depreciation:

- Computer and office equipment: 2.5 - 10 years;
- Motor vehicles: 8 - 10 years;
- Operating equipment: 2.5 - 10 years;
- Heavy equipment: 8 - 10 years;
- Rail, water and other infrastructure: 8 - 10 years;
- Portable dewatering infrastructure: 7 - 25 years; and
- Processing plant: 1 - 20 years or the life of the Portia Gold Mine where the asset was limited by the life of the mine.

q. Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries controlled by the Company. Control is achieved when the Company:

- Has power over the subsidiary;
- Is exposed, or has rights, to variable returns from its involvement with the subsidiary; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of a subsidiary, it has power over the subsidiary when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the subsidiary unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a subsidiary are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the separate financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

r. Rehabilitation provisions

A provision for rehabilitation is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In practice, provisions are recognised at the time environmental disturbance occurs, and where disturbance increases over the life of an

operation, the provision is increased accordingly.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). Costs included are based on currently available facts, technology expected to be available at the time of the rehabilitation, and laws and regulations presently enacted (or virtually certain of being enacted).

When some of the economic benefits required to settle a provision are expected to be recovered from a third party either directly or by the third party settling amounts directly, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Rehabilitation provisions, net of any recognised reimbursement asset, are capitalised as part of mine development expenditure where they are expected to increase the economic benefits flowing from the use or eventually disposal of the asset, or when they represent an obligation to remediate at the end of the asset's life and are recoverable from future economic benefits from using the asset. Rehabilitation provisions arising in respect of exploration and evaluation activities are capitalised into the cost of exploration and evaluation expenditure in accordance with Note 1(d).

s. Revenue recognition

Sales revenue

Revenue from sales of refined metals is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured, which means:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the Group;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been dispatched to the customer and is no longer under the physical control of the Group;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

As a result of the above policy, generally sales revenue is recognised at the time of shipment. Where metal is delivered into physical gold delivery contracts, sales revenue is recognised at the time of the metal transfer into the buyer's metals account.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

t. Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the issue date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of ordinary shares that will eventually vest.

2. Adoption of New and Revised Accounting Standards

The Group has applied certain new AAS and Interpretations for the first time for the financial year ended 31 July 2018:

AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016'

Certain new AAS and Interpretations have been published that are not mandatory for this financial year. The Group's assessment of the impact of the relevant new AAS and Interpretations is set out below:

i. AASB 16 'Leases'

This is the new standard for lease recognition, replacing AASB 117 'Leases'. AASB 16 is applicable for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The new standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The Group is yet to assess AASB 16's full impact but the change will have a material impact, as it will result in the recognition of almost all leases in the consolidated statement of financial position. The Group does not intend to adopt the new standard before its operative date, which means that it would first be applied during the financial year ending 31 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ii. AASB 15 'Revenue from Contracts with Customers'

This the new standard for revenue recognition, replacing AASB 118 'Revenue' which covers revenue arising from the sale of goods and the rendering of services and AASB 111 'Construction Contracts' which covers construction contracts. It is applicable for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The new standard's core principle will require the Group to recognise revenue to depict when control over a good or service is transferred to a customer in amounts that reflect the consideration (that is, payment) to which the Group expects to be entitled in exchange for those goods or services. The Group is yet to assess AASB 15's full impact. The impact is not expected to be material. The Group does not intend to adopt the new standard before its operative date, which means that it would first be applied during the financial year ending 31 July 2019.

iii. AASB 9 'Financial Instruments'

The AASB addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard is applicable to annual reporting periods beginning on or after 1 January 2018 but is available for early adoption. The Group is yet to assess AASB 9's full impact but at this time it appears it will have limited impact for the Group. The Group does not intend to adopt the new standard before its operative date, which means that it would first be applied during the financial year ending 31 July 2019.

iv. AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'

The AASB has amended AASB 2 'Share-based Payment'. The amendments to AASB 2 address the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, the classification of share-based payment transactions with a net settlement feature for withholding tax obligations and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are applicable to annual reporting periods beginning on or after 1 January 2018 but is available for early adoption. The Group is yet to assess the amended AASB 2's full impact. The Group does not intend to adopt the revised standard before its operative date, which means that it would first be applied during the financial year ending 31 July 2019.

v. AASB 2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle'

The AASB is applicable for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

There are no other AAS that are not yet effective and that are expected to have a material impact on the Group in the current or future financial years and on foreseeable future transactions.

3. Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the annual financial report.

For the financial year ended 31 July 2018 the Group incurred a net loss of \$2.990 million (31 July 2017: net loss \$4.229 million), had a net cash outflow from operating activities of \$2.779 million (31 July 2017: inflow \$6.201 million) and a net cash outflow from investing activities of \$2.556 million (31 July 2017: outflow \$6.547 million). As at 31 July 2018, the Group has a net current asset surplus position of \$2.269 million (31 July 2017: deficiency \$0.753 million) and cash of \$1.847 million (31 July 2017: \$0.888 million).

The Group is dependent on receipts from CMC relating to the settlement of the North Portia divestment. To fund the Group's anticipated administration costs, planned exploration expenditure, and to pay its debts when they fall due and are payable, the following proceeds from the North Portia divestment are required:

- \$3.500 million once the required permitting is completed allowing the mining of overburden at North Portia and the subsequent processing of the oxide gold component of the resource (Stage 1) – expected no later than the end of the second quarter of 2019;
- \$3.500 million once the required permitting is completed allowing for the mining and processing of the supergene sulphide copper-cobalt-gold ore at North Portia (Stage 2) – expected no later than the end of the fourth quarter of 2019; and
- \$5.500 million, the final payment, which is due 12 months after the completion of Stage 1.

As a contingency plan, the Group has negotiated access to a \$6.000 million 12-month standby loan facility from Investec, as disclosed in Note 41. With the receipts from CMC, the Group has sufficient access to funds in cash and the standby loan facility to fund operations until November 2019.

4. Segmentation Information

a. Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and the Management Team (the chief business decision makers) in monitoring and assessing performance and in determining the allocation of resources.

The Group disposed of the subsidiary responsible for its Mine Operations during the year and the segment information reported here does not include any amounts for this discontinued operation, which is explained in more detail in Note 7.

The Group created a new business unit to capture its Royalty Portfolio business and this, along with Exploration & Development and Corporate are each treated as individual operating segments.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the financial year. Segment performance is evaluated based on EBITDA.

The Group's operations are all undertaken in South Australia.

b. Segment information

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

| | Royalty Portfolio | Exploration & Development | Corporate | Total |
|--|-------------------|---------------------------|--------------|--------------|
| 31 July 2018 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | 60 | - | - | 60 |
| EBITDA | 60 | (491) | 3,557 | 3,126 |
| Impairment included in EBITDA | - | (491) | - | (491) |
| Depreciation and amortisation | - | (162) | (25) | (187) |
| Additions to property, plant & equipment | - | 47 | 53 | 100 |
| Total assets | - | 35,874 | 13,515 | 49,389 |
| Total liabilities | - | 870 | 3,437 | 4,307 |

| | Mine Operations | Exploration & Development | Corporate | Total |
|--|-----------------|---------------------------|--------------|---------------|
| 31 July 2017 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | 16,860 | - | - | 16,860 |
| EBITDA | 4,778 | (199) | (2,030) | 2,549 |
| Impairment included in EBITDA | (4,153) | (199) | - | (4,352) |
| Depreciation and amortisation | (4,641) | (158) | (6) | (4,805) |
| Additions to property, plant & equipment | 2,770 | 241 | 57 | 3,068 |
| Assets related to continuing operations | - | 33,813 | 1,417 | 35,230 |
| Assets related to discontinued operations | 9,084 | 3,098 | - | 12,182 |
| Total assets | 9,084 | 36,911 | 1,417 | 47,412 |
| Liabilities related to continuing operations | - | 926 | 1,030 | 1,955 |
| Liabilities related to discontinued operations | 4,079 | - | - | 4,079 |
| Total liabilities | 4,079 | 926 | 1,030 | 6,035 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c. Segment reconciliation

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|--|--------------------------------------|--------------------------------------|
| Reconciliation of loss before income tax | | |
| EBITDA | 3,126 | (2,157) |
| Depreciation and amortisation expense | (187) | (164) |
| Interest income – bank term deposits | 16 | 12 |
| Finance costs | (213) | (430) |
| Profit/(loss) before income tax (continuing operations) | 2,742 | (2,739) |

5. Profit/(Loss) from Operations

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

a) Profit/(loss) before income tax includes the following specific revenues from continuing operations

| | | |
|--------------------------------------|-----------|-----------|
| Other income: | | |
| Government grants received | 34 | - |
| Interest income – bank term deposits | 16 | 12 |
| Sundry income | 1 | 29 |
| Diesel fuel rebates received | - | 19 |
| Total other income | 51 | 60 |

b) Profit/(loss) before income tax has been arrived at after charging the following specific expenses from continuing operations:

| | | |
|--|--------------|--------------|
| Employee and contractor benefits expense: | | |
| Post-employment benefits: | | |
| Accumulated benefit superannuation plans | 219 | 120 |
| Share-based payments: | | |
| Equity settled share-based payments ¹ | - | 33 |
| Other employee and contractor benefits | 2,012 | 1,729 |
| | 2,231 | 1,882 |
| Less amounts capitalised | (1,470) | (1,035) |
| Total employee benefit expenses² | 761 | 847 |

¹ Equity-settled share-based payments expense relates to share options granted during the financial year and amortisation of share options granted in prior reporting periods. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

² This represents employee expenses not capitalised as part of exploration and evaluation or mine development or disclosed in COGS.

6. Government R&D Grant Derecognised

An AusIndustry review has been carried out on the Group's R&D projects registered for the income years ended 31 July 2013 and 31 July 2014. Certain registered activities for both income years were found not to meet the requirements of the Income Tax Assessment Act 1997.

The Group is currently deemed ineligible for the following amounts of R&D refundable offsets:

- Financial year ended 31 July 2013: \$0.689 million; and
- Financial year ended 31 July 2014: \$0.330 million.

Havilah has lodged an appeal to the AAT against the decisions, with a hearing in this matter expected in early 2019.

The Group has decided to take a conservative approach by recognising the following amounts in its financial results for the period ended 31 July 2018, pending outcome of the case:

- Current financial liabilities includes \$1.019 million tax payable based on amended tax returns (see Note 22);
- Profit for the financial year from continuing operations includes \$0.141 million of R&D grant income derecognised;
- Loss for the financial year from discontinued operations includes an additional \$0.667 million of R&D grant income derecognised;
- Exploration and evaluation expenditure capitalised for the financial year includes \$0.088 million of R&D grant income derecognised for Maldorky; and
- The deferred income balance within other non-current liabilities for the financial year was reduced by \$0.123 million for the R&D grant income derecognised for Kalkaroo.

The Group may reinstate this income at a future date when the outcome of the AusIndustry case is known.

7. Discontinued Operations

a. Divestment of Benagerie Gold Pty Ltd

On 11 July 2018, the Group finalised the divestment of the wholly owned subsidiary Benagerie Gold Pty Ltd.

The resulting disposal of the Benagerie ML and associated assets is consistent with the Group's Copper Strategy - Enhanced by Cobalt to focus more attention on the advancement and ultimate development of the Mutooroo and Kalkaroo copper-cobalt-gold projects.

The proceeds of sale included \$13.500 million in staged payments (some of which are dependent on the Group's completion of certain permitting requirements) and a 2% NSR royalty on all commodity sales from the Benagerie ML, which will increase to 3.25% on copper metal sales, once more than 101,400 tonnes of copper metal have been produced and sold.

The Group will receive guaranteed payments of \$0.300 million per quarter if the quarterly royalty payment is not at least \$0.300 million per quarter by 30 November 2020 and will continue to receive its current 15% gold revenue stream from the Portia Gold Mine until at least 30 November 2018.

Under the agreement, CMC funds 100% of the Portia rehabilitation bond which released the Group's \$1.200 million in bank guarantee obligations with immediate effect upon signature of the agreement on 4 June 2018.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 27.

b. Analysis of profit for the financial year from discontinued operations

The results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|---|--------------------------------------|--------------------------------------|
| (Loss)/Profit for the financial year from discontinued operations | | |
| Revenue | 4,751 | 16,860 |
| Amortisation of R&D income | 344 | 323 |
| Government R&D grant derecognised ¹ | (667) | - |
| | 4,428 | 17,183 |
| Depreciation and amortisation | (4,802) | (3,611) |
| Impairment of mine development expenditure | - | (4,153) |
| Cost of goods sold | (5,248) | (8,324) |
| (Loss)/profit before tax | (5,622) | 1,095 |
| Attributable income tax income/(expense) | 853 | (171) |
| (Loss)/profit for the year from discontinued operations | (4,769) | 924 |
| Gain on disposal of subsidiary ² | 5,625 | - |
| Attributable income tax expense | (1,688) | - |
| Profit for the year from discontinued operations - attributable to owner | (832) | 924 |

¹ See Note 6 for further details

² See Note 27 for further details

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|---|--------------------------------------|--------------------------------------|
| Cashflows from discontinued operations | | |
| Net cash (outflows)/inflows from operating activities | (1,908) | 4,832 |
| Net cash outflows from investing activities | (117) | (1,013) |
| Net cash (outflows)/inflows | (2,025) | 3,819 |

8. Income Taxes Related to Continuing Operations

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|---|--------------------------------------|--------------------------------------|
| a) Income tax recognised in profit or loss | | |
| The prima facie consolidated tax expense on loss before income tax reconciles to the tax expense/ (income) in the consolidated financial statements as follows: | | |
| Profit/(loss) before income tax for continuing operations | 2,742 | (2,739) |
| Prima facie tax payable on loss before income tax, calculated at the Australia tax rate of 30% | 823 | (822) |
| Share-based payments expense | 10 | 10 |
| Prior financial year capital losses set up | (11) | - |
| Other | 71 | 1 |
| Current financial year revenue tax losses not recognised | 854 | - |
| Prior financial year revenue losses de-recognised | - | 3,225 |
| Prior financial year revenue losses set-up | (784) | - |
| Tax expense | 963 | 2,414 |

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|--|--------------------------------------|--------------------------------------|
| b) Recognised deferred tax assets and (liabilities) | | |

Deferred tax assets and (liabilities) are attributable to the following:

| | | |
|--|-----------------|-----------------|
| Inventory | (26) | (183) |
| Exploration and evaluation | (11,602) | (11,896) |
| Mine development | - | 177 |
| Plant and equipment | 13 | 31 |
| Other financial assets | 223 | 220 |
| Capitalised loan costs | (3) | - |
| Deferred gain on sale | 667 | - |
| Trade and other payables | 40 | 36 |
| Employee benefit provisions | 217 | 216 |
| Deferred income | 188 | 188 |
| Costs associated with issue of ordinary shares | 114 | 51 |
| | (10,170) | (11,160) |
| Tax losses recognised | 10,170 | 11,160 |
| Net deferred tax assets | - | - |

c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | | |
|--------------------|--------------|--------------|
| Revenue tax losses | 6,918 | 5,433 |
| Capital tax losses | - | 11 |
| Total | 6,918 | 5,444 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets have not been recognised in respect of these items because it is not probable, at this time that future taxable profit will be available against which the Group can utilise the tax benefits.

(d) Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Havilah Resources Limited. The members of the tax-consolidated group are identified at Note 38 to the consolidated financial statements.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax-funding arrangement and a tax-sharing arrangement with the head entity. Under the terms of the tax-funding arrangement, Havilah Resources Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax-sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax-sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax-funding agreement.

9. Cash and Cash Equivalents

| | 31 July 2018 | 31 July 2017 |
|-----------------|--------------|--------------|
| | \$'000 | \$'000 |
| Cash at bank | 542 | 6 |
| Cash on deposit | 1,305 | 882 |
| Total | 1,847 | 888 |

10. Inventory

| | 31 July 2018 | 31 July 2017 |
|---------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Gold in circuit and gold dore at cost | 571 | 1,018 |
| Ore stockpiles at cost | - | 825 |
| Total | 571 | 1,843 |

11. Trade and Other Receivables

| | 31 July 2018 | 31 July 2017 |
|-------------------|--------------|--------------|
| | \$'000 | \$'000 |
| GST recoverable | 83 | 204 |
| Other receivables | 61 | 34 |
| Total | 144 | 238 |

12. Other Current Financial Assets

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Receivable on sale of subsidiary ¹ | 3,182 | - |

¹ See Note 27 for further details on the disposal of Benagerie Gold Pty Ltd

13. Other Current Assets

| | 31 July 2018 | 31 July 2017 |
|-------------|--------------|--------------|
| | \$'000 | \$'000 |
| Prepayments | 156 | 124 |

14. Exploration and Evaluation

| | 31 July 2018 | 31 July 2017 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Cost brought forward | 33,913 | 30,064 |
| Expenditure incurred during the financial year | 3,333 | 4,048 |
| Exploration and evaluation expenditure written-off | (491) | (199) |
| Expenditure derecognised on disposal of a subsidiary | (3,771) | - |
| Cost carried forward | 32,984 | 33,913 |

Current and prior financial year expenditure written-off relates to on-going expenditure to maintain iron ore, uranium and geothermal exploration tenements. The amount written-off was \$0.491 million (2017: \$0.199 million).

The expenditure is carried forward on the basis that exploration or evaluation activities in the areas of interest have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant activity in, or in relation to, the areas is continuing. The future recoverability of the carrying amount of capitalised exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

15. Mine Development

| | 31 July 2018 | 31 July 2017 |
|--|--------------|----------------|
| | \$'000 | \$'000 |
| Cost brought forward | - | 5,722 |
| Expenditure incurred during the financial year | - | 1,619 |
| Amortisation expense ¹ | - | (3,188) |
| Impairment | - | (4,153) |
| Cost carried forward | - | - |
| ¹ Amortisation expense has been allocated as follows: | | |
| Charged to inventory | - | (874) |
| Charged to cost of goods sold | - | (2,314) |
| Total | - | (3,188) |

In the prior financial year the Group assessed the net present value of the Portia Gold Mine cash generating unit.

As a result of this analysis an impairment of mining development of \$4.153 million was recorded as at 31 July 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Property, Plant and Equipment

| | Pastoral lease at cost ² | Plant and Equipment at cost | Equipment under finance lease at cost | Total |
|--|-------------------------------------|-----------------------------|---------------------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross carrying amount | | | | |
| Balance as at 31 July 2016 | 2,241 | 8,943 | 55 | 11,239 |
| Additions | - | 3,068 | - | 3,068 |
| Disposals | - | - | - | - |
| Balance as at 31 July 2017 | 2,241 | 12,011 | 55 | 14,307 |
| Additions | - | 208 | - | 208 |
| Disposals | - | (176) | - | (176) |
| Derecognised on disposal of a subsidiary | - | (8,131) | - | (8,131) |
| Balance as at 31 July 2018 | 2,241 | 3,912 | 55 | 6,208 |
| Accumulated depreciation/amortisation | | | | |
| Balance as at 31 July 2016 | - | 3,385 | 27 | 3,412 |
| Depreciation/amortisation expense ¹ | - | 1,532 | 6 | 1,538 |
| Capitalised depreciation | - | 78 | - | 78 |
| Eliminated on disposal of assets | - | - | - | - |
| Balance as at 31 July 2017 | - | 4,995 | 33 | 5,028 |
| Depreciation/amortisation expense ¹ | - | 4,984 | 5 | 4,989 |
| Capitalised depreciation | - | - | - | - |
| Eliminated on disposal of assets | - | (157) | - | (157) |
| Eliminated on disposal of a subsidiary | - | (6,625) | - | (6,625) |
| Balance as at 31 July 2018 | - | 3,197 | 38 | 3,235 |
| Net book value | | | | |
| As at 31 July 2017 | 2,241 | 7,016 | 22 | 9,279 |
| As at 31 July 2018 | 2,241 | 715 | 17 | 2,973 |

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| ¹Depreciation/amortisation expense has been allocated as follows: | | |
| Charged to inventory | - | 77 |
| Charged to cost of goods sold for discontinued operations | 4,802 | 1,297 |
| Charged to profit/(loss) for continuing operations | 187 | 164 |
| Total | 4,989 | 1,538 |

²Subsequent to 31 July 2018, the Group obtained a bank guarantee and overdraft credit facility with National Australia Bank secured by a \$1.000 million mortgage over Kalkaroo Station (classified as Pastoral lease at cost in the above Note).

17. Other Non-Current Financial Assets

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| At amortised cost: | | |
| Bank term deposits (Note 31(d)) | 60 | 60 |
| Security deposits | 15 | 17 |
| Receivable on sale of subsidiary ¹ | 7,438 | - |
| At fair value: | | |
| Available-for-sale financial assets: | | |
| Shares in an ASX listed entity | 20 | 30 |
| Total | 7,533 | 107 |

¹ See Note 27 for further details on the disposal of Benagerie Gold Pty Ltd

18. Other Non-Current Receivables

| | 31 July 2018 | 31 July 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Rehabilitation liability assumed by unrelated entity | - | 1,020 |

Responsibility for the rehabilitation activities at the Portia Gold Mine has been assumed by CMC (see Note 7).

19. Trade and Other Payables

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Trade payables ¹ | 406 | 1,879 |
| Accruals | 430 | 545 |
| Amounts payable to related entities of Directors ¹ | 30 | 80 |
| Total | 866 | 2,504 |

¹ The average credit period on purchases is 45 days. No interest is charged on trade payables.

20. Borrowings

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Secured: | | |
| Finance lease liability at amortised cost (Note 37) | - | 5 |
| Unsecured: | | |
| Insurance premium funding | 171 | 136 |
| Total | 171 | 141 |

Finance lease in prior financial year was secured by the assets leased with a weighted average effective interest rate of 5.37%.

Insurance premium funding is a fixed interest rate debt with a repayment period not exceeding one year. The effective interest rate is 4.15% (2017: 4.15%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Current Provisions

| | 31 July 2018 | 31 July 2017 |
|-------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Employee benefits | 723 | 694 |

22. Other Current Financial Liabilities

| | 31 July 2018 | 31 July 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Permitting costs payable on divestment of subsidiary ¹ | 344 | - |
| R&D income amendment ² | 1,019 | - |
| Total | 1,363 | - |

¹ Liability to incur permitting costs pursuant to the contract of sale of Benagerie Gold Pty Ltd (see Note 27 for further detail)

² Tax liability as per amendments to prior period income tax returns following disallowance of prior period R&D expenditure claims (see Note 6 for further detail)

23. Non-Current Provisions

| | 31 July 2018 | 31 July 2017 |
|--------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Employee benefits | - | 27 |
| Rehabilitation provision | - | 1,020 |
| Total | - | 1,047 |

Movement in site rehabilitation provision

| | | |
|-----------------------------------|----------|--------------|
| Opening balance | 1,020 | 1,829 |
| Reduction in provision recognised | (1,020) | (809) |
| Closing balance | - | 1,020 |

The prior financial year rehabilitation provision represents the expected costs of rehabilitating the Group's exploration and mining operations at the Portia Gold Mine. A condition of the divestment of Benagerie Gold Pty Ltd was for CMC taking on the full rehabilitation obligation for the Portia Gold Mine.

24. Other Non-Current Liabilities

| | 31 July 2018 | 31 July 2017 |
|-----------------|--------------|--------------|
| | \$'000 | \$'000 |
| Deferred income | 676 | 1,142 |

Deferred income relates to Government grants received for exploration and R&D activities.

See Note 6 for further details on adjustments to this account balance.

25. Contributed Equity

| | Year ended 31 July 2018 | | Year ended 31 July 2017 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | '000 | \$'000 | '000 | \$'000 |
| Balance at beginning of the financial year | 183,431 | 65,072 | 168,597 | 60,183 |
| Issue of ordinary shares on exercise of listed share options at \$0.30 per share | - | - | 12,642 | 3,793 |
| Issue of ordinary shares for purchase of plant and equipment at \$0.57 per share | - | - | 1,517 | 872 |
| Issue of ordinary shares on exercise of unlisted share options | - | - | 675 | 224 |
| Issue of ordinary shares to Bergen | 6,212 | 1,161 | - | - |
| Issue of ordinary shares to Bergen for commencement fee | 353 | 103 | - | - |
| Issue of unlisted options to Bergen | - | (57) | - | - |
| Issue of ordinary shares pursuant to rights issue at \$0.20 per share | 27,144 | 5,650 | - | - |
| Costs associated with issue of ordinary shares | 1,109 | (363) | - | - |
| Related income tax benefit | - | 109 | - | - |
| Balance at the end of the financial year | 218,249 | 71,675 | 183,431 | 65,072 |

The Company does not have a limited amount of authorised capital and ordinary shares have no par value.

Voting rights of shareholders are governed by the Company's Constitution. In summary, on a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held.

Ordinary shares participate in dividends as declared and the proceeds on winding up of the Company in proportion to the number of fully paid ordinary shares held.

Ordinary shares

During the financial year ended 31 July 2018, the Company announced a 1 for 7 renounceable pro-rata rights issue. As a result of the rights issue, 28.252 million listed ordinary shares were issued. In addition to the rights issue, the placement to Bergen resulted in 6.565 million listed ordinary shares being issued.

As at 31 July 2018 there were 218,249,052 listed ordinary shares on issue.

Listed share options

As a result of the rights issue during the 31 July 2018 financial year, 13,606,867 million listed share options were issued. None of these listed options were exercised during the financial year.

Unlisted share options

During the financial year, 0.600 million unlisted share options were issued to Directors, employees and certain contractors/ service providers (refer Note 36 to the consolidated financial statements for details). 3.300 million unlisted share options previously issued to Directors employees and certain contractors/service providers expired during the financial year.

In addition to the above unlisted share options, on 5 October 2017, 0.800 million unlisted options were issued to Bergen. The unlisted options were vested upon granting, expire on 6 October 2019 and have been valued at \$0.057 million and included in the share-based payments reserve balance within the consolidated financial statements. As at 31 July 2018, none of these options have been exercised.

As at 31 July 2018 there were 5.050 million unlisted share options on issue.

26. Reserves

| | 31 July 2018 | 31 July 2017 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Share-based payments reserve ¹ | 514 | 759 |
| Buy-out reserve ² | (2,600) | (2,600) |
| Total | (2,086) | (1,841) |

¹ The share-based payments reserve is used to recognise the grant date fair value of share-based payments as described in Note 1(t). Further information about share-based payments to Directors, other key management personnel, employees, contractors and service providers is set out in Note 36 to the consolidated financial statements.

² The buy-out reserve resulted from the purchase of Curnamona Energy Pty Limited's and Geothermal Resources Pty Limited's non-controlling interests by Havilah Resources Limited and represents the difference between the consideration paid and the carrying value of the non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Divestment of a Subsidiary

On 11 July 2018, the Group disposed of Benagerie Gold Pty Ltd which owned and operated the Portia Gold Mine.

| | Year ended 31 July 2018 |
|--|-------------------------|
| | \$'000 |
| a) Consideration received | |
| Consideration received in cash and cash equivalents | 1,000 |
| Secured consideration receivable ¹ | 10,620 |
| Permitting costs payable pursuant to contract of sale | (344) |
| Permitting costs incurred to 31 July 2018 | (374) |
| Total | 10,902 |
| b) Analysis of assets and liabilities over which control was lost | |
| Current assets | |
| Trade receivables | - |
| Non-current assets | |
| Property, plant and equipment | 1,506 |
| Exploration expenditure | 3,771 |
| Current liabilities | |
| Payables | - |
| Non-current liabilities | |
| Deferred tax liabilities | - |
| Net assets disposed of | 5,277 |
| c) Gain on disposal of subsidiary | |
| Consideration received | 10,902 |
| Net assets disposed of | (5,277) |
| Total | 5,625 |
| d) Net cash inflow on disposal of subsidiary | |
| Consideration received in cash and cash equivalents | 1,000 |
| Less: cash permitting costs incurred to 31 July 2018 | (288) |
| Total | 712 |
| e) Secured consideration receivable¹ | |
| Current | 3,182 |
| Non-current | 7,438 |
| Total | 10,620 |

¹ \$12.500 million progress payments receivable as per divestment agreement have been discounted to net present value in accordance with Australian Accounting Standards.

28. Directors and Other Key Management Personnel Compensation

The key management personnel of the Group during the financial year were:

- Dr Christopher Giles (appointed Executive Director - Technical from 16 November 2017, after stepping down as Managing Director);
- Mr Kenneth Williams (Independent Non-executive Chairman);
- Mr Mark Stewart (Independent Non-executive Director) appointed 12 December 2017;
- Mr Paul Mertin (Independent Non-executive Director) resigned 12 December 2017; and
- Mr Walter Richards (Chief Executive Officer & Company Secretary from 16 November 2018, previously Chief Financial Officer & Company Secretary).

The aggregate compensation of key management personnel of the Group is set out below:

| | Year ended 31 July 2018 | Year ended 31 July 2017 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Short-term employee benefits ¹ | 663,318 | 922,384 |
| Post-employment benefits | 46,392 | 58,573 |
| Share-based payments expense ² | 34,558 | 27,521 |
| Total | 744,267 | 1,008,478 |

Detailed remuneration disclosures for the key management personnel are provided in the audited Remuneration Report on pages 64 to 65.

¹ Where short-term employee benefits relate to exploration and/or evaluation activities, they are capitalised as part of exploration and evaluation (Note 14)
² Share-based payments expense relates to share options granted during the financial year to directors and other key management personnel. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

29. Remuneration of External Auditor

| | Year ended 31 July 2018 | Year ended 31 July 2017 |
|---------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Audit and review of financial reports | 79,000 | 82,000 |

The external auditor of Havilah Resources Limited is Deloitte Touche Tohmatsu.

30. Related Party Disclosures

a) Subsidiaries

The ultimate Parent Company within the Group is Havilah Resources Limited.

Details of the percentage of ordinary shares in subsidiaries are disclosed in Note 38 to the consolidated financial statements.

b) Directors and other key management personnel compensation

Details of directors and other key management personnel compensation are disclosed in Note 28 to the consolidated financial statements.

c) Transactions with Directors and related entities

During the financial year the Group paid \$40,000 (2017: \$13,000) for 2017 annual report preparation, marketing and public relations support to a related party of Dr Chris Giles, \$64,000 (2017: \$nil) for legal services provided by a related party of Mr Mark Stewart and \$26,000 (2017: \$23,000) for accounting services to a company controlled by a related party of Mr Walter Richards. The accounting services contract was concluded on 8 October 2018. All payments were made under normal terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Commitments for Expenditure and Contingent Liabilities

a) Exploration expenditure commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money, known as exploration expenditure commitments, on mineral exploration tenements it holds. The exploration expenditure commitments of the Group will vary from time to time, subject to statutory approval. The terms of current and future joint arrangements, the grant or relinquishment of licences, and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Group.

Effective from 1 January 2018 the Group entered into a new AEA with the DEM. The AEA covers all of the Group's mineral exploration tenements (excluding Exploration Licences 5463 & 5579), and governs the Group's minimum exploration expenditure commitments. The AEA covers a period of 2 years from 1 January 2018 with an agreed overall expenditure commitment across the relevant mineral exploration tenements of \$8.000 million for that period. In addition, the arrangement includes a statutory relinquishment of 15% of the combined tenement area at the end of the two years if the expenditure commitment is met. Relinquishment of an additional percentage of the tenement area may be required if the expenditure commitment is not met, not exceeding 25% in total.

The minimum expenditure commitment on mineral exploration tenements not covered by an AEA is approximately:

| | 31 July 2018 \$'000 | 31 July 2017 \$'000 |
|--|------------------------|------------------------|
| No later than one year | 369 | 521 |
| Later than one year but not later than two years | - | 209 |
| Later than two years but not later than five years | - | - |
| Total | 369 | 730 |

b) Future production

The Group has a contingent liability in relation to payments to Glencore, that is required to be paid based on 10% of the Group's share of any future mining profits from the Kalkaroo copper-cobalt-gold project, until the total amount paid reaches \$7.000 million.

c) Native title

Native title claims exist over all mineral exploration tenements in South Australia in which the Group has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects, as such any contingent liability is unknown.

d) Guarantee and indemnity commitments

The Group has also provided restricted cash deposits of \$0.256 million as security for some of the following unconditional irrevocable bank guarantees:

- A security deposit on the lease of the Group's office premises to the South Australian Tourism Commission for \$0.116 million;
- A rehabilitation bond issued by Geothermal Resources Pty Limited for \$0.100 million to the Minister for Mineral Resource Development;
- A bank guarantee facility of \$0.030 million provided to Havilah Resources Limited by its banker for the provision of various rehabilitation bonds to the Minister for Mineral Resource Development;
- A rehabilitation bond issued by Mutooroo Metals Pty Limited for \$0.010 million to the Minister for Mineral Resource Development;
- A rehabilitation bond issued by Maldorky Iron Pty Limited for \$0.010 million to the Minister for Mineral Resource Development; and
- Security of \$0.010 million for a purchase card facility provided to the Group by its banker.

e) Operating lease commitments

The Group's office is located in leased office premises at 164 Fullarton Road, Dulwich, South Australia. The lease expires on 7 May 2022 and lease costs include office and car park rental.

| | 31 July 2018 \$'000 | 31 July 2017 \$'000 |
|--|------------------------|------------------------|
| Not later than 1 year | 196 | 196 |
| Later than 1 year and not later than 5 years | 734 | 930 |
| Total | 930 | 1,126 |

f) Finance leases

Finance lease liabilities are disclosed in Note 37.

32. Earnings per Share

| | 31 July 2018 cents | 31 July 2017 cents |
|--|-----------------------|-----------------------|
| Basic loss per ordinary share – from continuing and discontinued operations | (1.43) | (2.45) |
| Diluted loss per ordinary share - from continuing and discontinued operations ¹ | (1.43) | (2.45) |

¹ Diluted loss per ordinary share equates to basic loss per ordinary share because a loss per ordinary share is not considered dilutive for the purposes of calculating earnings per share pursuant to AASB 133 'Earnings per Share'.

Basic and diluted loss per ordinary share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

| | 31 July 2018 \$'000 | 31 July 2017 \$'000 |
|--|------------------------|------------------------|
| Net loss from continuing and discontinued operations | (2,990) | (4,229) |

Loss used in the calculation of basic and diluted loss per share agree directly to the loss for the financial year attributable to equity holders of the Company in the consolidated statement of profit or loss and other comprehensive income.

| | 2018 Number '000 | 2017 Number '000 |
|--|---------------------|---------------------|
| Weighted average number of ordinary shares | 209,525 | 172,714 |

The weighted average number of ordinary shares for the purposes of diluted loss per share reconciles to the weighted average number of ordinary shares used in the calculation of basic loss per share as follows:

| | 2018 Number '000 | 2017 Number '000 |
|--|---------------------|---------------------|
| Weighted average number of ordinary shares used in the calculation of basic loss per share | 209,525 | 172,714 |
| Shares deemed to be issued for no consideration in respect of: | | |
| Listed options | 11,123 | 32,506 |
| Unlisted options | 7,906 | 4,156 |
| Total | 228,554 | 209,376 |

33. Company Status

Havilah Resources Limited is a public company limited by shares and is listed on the ASX. It is domiciled and operating in Australia.

34. Financial Instruments

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 20, cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities the Directors believe that the most advantageous way to fund activities is through equity and secured borrowings. The Group's activities are monitored to ensure that adequate funds are available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Note | 31 July 2018 \$'000 | 31 July 2017 \$'000 |
|---|-------|------------------------|------------------------|
| Categories of financial instruments: | | | |
| Financial assets | | | |
| Cash and cash equivalents | 9 | 1,847 | 888 |
| Trade and other receivables | 11 | 144 | 238 |
| Bank term deposits | 17 | 60 | 60 |
| Available-for-sale financial assets | 17 | 20 | 30 |
| Security deposits | 17 | 15 | 17 |
| Other financial assets | 12,17 | 10,620 | - |
| Financial liabilities | | | |
| Trade and other payables | 19 | 866 | 2,504 |
| Borrowings | 20 | 171 | 141 |
| Other financial liabilities | 22 | 1,363 | - |

Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher or lower throughout the financial year and all other variables were held constant, the Group's net result would decrease/increase by \$0.010 million (2017: \$0.004 million). This is attributable to interest rates on bank deposits.

Commodity price risk

The Group is exposed to commodity price fluctuations through the sale of gold bullion.

If the gold price changed by +/-5% from the average realised gold price during the financial year, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

| | 31 July 2018 \$'000 |
|---------------------------|------------------------|
| Impact on post-tax result | |
| Gold price +5% | 208 |
| Gold price -5% | (208) |
| Impact on equity | |
| Gold price +5% | 208 |
| Gold price -5% | (208) |

Equity price sensitivity

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. At the reporting date, if the equity prices had been 5% higher or lower, the Group's result would decrease/increase by \$0.001 million (2017: \$0.003 million).

The Group's sensitivity to equity prices has not changed significantly from the prior financial year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group has significant credit risk exposure to CMC, with a receivable balance of \$12.500 million (2017: \$nil). The Group does not have any significant credit risk exposure to any other single counterparty, other than deposits with the Group's banker. The credit risk on liquid funds is limited because the counterparties are Australian banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| | Weighted average effective interest rate % | Less than one year \$'000 | One to two years \$'000 | Two to five years \$'000 |
|---------------------------------|--|------------------------------|----------------------------|-----------------------------|
| 2018 | | | | |
| Non-interest bearing | - | 1,209 | 1,019 | - |
| Fixed interest rate instruments | 4.15 | 178 | - | - |
| 2017 | | | | |
| Non-interest bearing | - | 2,504 | - | - |
| Fixed interest rate instruments | 4.04 | 146 | - | - |

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The fair value of the financial assets and financial liabilities are not materially different to its carrying amount.

Fair value measurement of assets and liabilities

Fair value hierarchy

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value on a recurring basis:

| 31 July 2018 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---------------------------|-------------------|-------------------|-------------------|-----------------|
| Assets | | | | |
| Shares available for sale | 20 | - | - | 20 |
| Total Net Assets | 20 | - | - | - |

| 31 July 2017 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---------------------------|-------------------|-------------------|-------------------|-----------------|
| Assets | | | | |
| Shares available for sale | 30 | - | - | 30 |
| Total Net Assets | 30 | - | - | 30 |

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 July 2018.

Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and financial liabilities held by the Group is the current bid price. These instruments are included in level 1. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial assets and financial liabilities include:

- The use of quoted market prices or dealer quotes for similar instruments; and
- Gold derivatives – future cash flows are estimated based on gold forward rates and US\$/A\$ forward exchange rates (from observable forward curves at the end of the reporting period) and the contracted rates. Cash flows are discounted at a rate that reflects the time value of money and credit risk (entity and counterparty credit risk).

All of the resulting fair value estimates are included in level 1. There are no financial instruments included in level 2 or 3 for the financial year ended 31 July 2018.

35. Note to the Consolidated Statement of Cash Flows

| | Year ended 31 July 2018 \$'000 | Year ended 31 July 2017 \$'000 |
|---|--------------------------------------|--------------------------------------|
| a) Reconciliation of loss to net cash flows (used in)/provided by operating activities | | |
| Loss for financial year | (2,990) | (4,229) |
| Exploration and evaluation expenditure written-off | 491 | 199 |
| Impairment of mine development expenditure | - | 4,153 |
| COGS - Depreciation and amortisation expense | 4,801 | 3,611 |
| Depreciation and amortisation expense | 187 | 164 |
| Amortisation of debt establishment costs | 46 | 239 |
| Share-based payments expense | 35 | 33 |
| Impairment/(reversal of Impairment) of other financial assets | (33) | 69 |
| Amortisation of insurance loan | 197 | - |
| Interest income – bank deposits | (16) | (12) |
| Deferred R&D income amortised | (344) | (323) |
| R&D income derecognised – discontinued operations | 667 | - |
| R&D income derecognised – continuing operations | 142 | - |
| Gain on sale of plant and equipment | (9) | - |
| Gain on sale of subsidiary | (5,625) | - |
| Decrease/(increase) in assets: | | |
| Trade and other receivables | (33) | 445 |
| Inventory | 1,273 | 437 |
| Other assets | (2) | 79 |
| Deferred tax assets | 109 | 2,585 |
| (Decrease)/increase in liabilities: | | |
| Trade and other payables | (1,384) | (1,443) |
| Provisions | (289) | 194 |
| Net cash flows (used in)/provided by operating activities | (2,779) | 6,201 |
| b) Reconciliation of cash and cash equivalents | | |
| Cash at bank | 542 | 6 |
| Cash on deposit | 1,305 | 882 |
| Total | 1,847 | 888 |
| a) Non-cash transactions | | |

During the current financial year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- The Group obtained insurance premium funding of \$0.228 million (2017: \$0.203 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. Share Option Plans for Directors and Employees

The Group has ownership-based remuneration schemes (share options) for Directors, employees and certain contractors/ service providers. The share options are not listed, carry no rights to dividends, and have no voting rights.

Employee share option plan

The Group has established an employee share option plan for the Company which was approved by shareholders at the 2009 Annual General Meeting, and which is expired. In accordance with the provisions of the plan, Directors may issue share options to purchase ordinary shares to employees and certain contractors/service providers. Each share option is to subscribe for one fully paid ordinary share in the Company. Share options can be exercised in the year of vesting and share options not exercised during a particular year will accumulate and may be exercised in subsequent years until their expiry.

Other relevant details are:

- Consideration of \$1.00 (in total) is payable by the recipient on receipt of share options issued;
- The share options are issued at an issue price 45% above the volume weighted average share price for five consecutive trading days at the time the share option is granted;
- The share options have various time and/or performance related vesting conditions; and
- The share options expire at the earlier of either three or four years from issue date or one month from the date the share option holder ceases to be an employee of the Company.

Unlisted share options of 600,000 issued to a Director during the financial year are subject to ratification by shareholders at the 2018 Annual General Meeting. No share options were issued to employees during the financial year.

The following share-based payments were in existence during the current and prior financial year:

| Share Option Series | Number | Issue date | Expiry date | Exercise price \$ | Grant date fair value \$ |
|-----------------------------------|-----------|-------------------|------------------|----------------------|-----------------------------|
| Employee share option plan | | | | | |
| Issued 1 April 2014 | 1,200,000 | 1 April 2014 | 1 April 2018 | 0.36 | 0.11 |
| Issued 25 June 2014 | 2,150,000 | 25 June 2014 | 25 June 2018 | 0.25 | 0.07 |
| Issued 15 September 2014 | 100,000 | 26 September 2014 | 18 August 2017 | 0.22 | 0.15 |
| Issued 26 June 2015 | 100,000 | 29 June 2015 | 1 May 2019 | 0.38 | 0.11 |
| Director share options | | | | | |
| Issued 15 December 2015 | 3,600,000 | 15 December 2015 | 15 December 2018 | 0.36 | 0.12 |
| Issued 12 December 2017 | 600,000 | 12 December 2017 | 12 December 2020 | 0.40 | 0.06 |

The share options issued by Havilah were priced using the Black-Scholes model. Set out below are the inputs used in the Black-Scholes model to value share options granted during the reporting period:

| | 15 December 2017 |
|-------------------------|------------------|
| Issue date share price | \$0.22 |
| Exercise price | \$0.40 |
| Expected volatility | 64.8% |
| Share option life | 3 years |
| Dividend yield | - |
| Risk free interest rate | 1.50% |

The following reconciles the outstanding share options granted to Directors, employees and certain contractors/service providers at the beginning and end of the financial year:

| | Year ended 31 July 2018 | | Year ended 31 July 2017 | |
|---|-------------------------|---------------------------------------|-------------------------|---------------------------------------|
| | Number of share options | Weighted average exercise price \$ | Number of share options | Weighted average exercise price \$ |
| Balance at beginning of the financial year | 6,525,000 | 0.33 | 7,150,000 | 0.33 |
| Issued during the financial year | 600,000 | 0.40 | - | - |
| Exercised during the financial year | - | - | (225,000) | 0.27 |
| Expired during the financial year | (2,875,000) | 0.30 | (400,000) | 0.25 |
| Balance at end of the financial year | 4,250,000 | 0.37 | 6,525,000 | 0.33 |
| Exercisable at end of the financial year | 4,250,000 | 0.37 | 6,500,000 | 0.33 |

| Issue date | Number | Exercise price | Expiry date |
|------------------|------------------|----------------|------------------|
| 15 December 2015 | 3,600,000 | \$0.36 | 15 December 2018 |
| 1 May 2015 | 50,000 | \$0.38 | 1 May 2019 |
| 12 December 2017 | 600,000 | \$0.40 | 12 December 2020 |
| Total | 4,250,000 | | |

The share options outstanding at the end of the financial year had an average exercise price of \$0.37 (2017: \$0.33) and a weighted average remaining contractual life of 243 days (2017: 411 days).

37. Finance Leases

Finance lease arrangements related to plant and equipment which had an original term of four years.

| | Minimum future lease payments | | Present value of minimum future lease payments | |
|---|-------------------------------|----------------|--|----------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Not later than one year | - | 5 | - | 5 |
| Later than one year and not later than 5 years | - | - | - | - |
| Minimum lease payments | - | 5 | - | 5 |
| Less future finance charges | - | - | - | - |
| Present value of minimum lease payments | - | 5 | - | 5 |
| Included in the consolidated financial statements as: | | | | |
| Current borrowings (Note 20) | | | - | 5 |
| Total | | | - | 5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. Composition of the Group

| Name | Country of incorporation | Principal activity | Ownership and voting interest held by the Group | |
|---------------------------------------|--------------------------|--|---|------|
| | | | 2018 | 2017 |
| Parent Company: | | | | |
| Havilah Resources Limited | Australia | Parent company and owner of various exploration licences | 100% | 100% |
| Subsidiaries: | | | | |
| Benagerie Gold Pty Limited | Australia | Owner of the Portia Gold Mine and North Portia copper-cobalt-gold project (Mining Lease granted) | - | 100% |
| Curnamona Energy Pty Limited | Australia | Owner of Oban Energy Pty Limited and various uranium exploration licences | 100% | 100% |
| Geothermal Resources Pty Limited | Australia | Owner of Neo Oil Pty Ltd and a geothermal exploration licence | 100% | 100% |
| Kalkaroo Copper Pty Ltd | Australia | Owner of the Kalkaroo copper-cobalt-gold project (ML application in process) | 100% | 100% |
| Kalkaroo Pastoral Company Pty Limited | Australia | Owner of the Kalkaroo Station pastoral lease | 100% | 100% |
| Lilydale Iron Pty Ltd | Australia | No current tenements | 100% | 100% |
| Maldorky Iron Pty Ltd | Australia | Owner of the Maldorky iron ore project (Mining Lease application in process) | 100% | 100% |
| Mutooroo Metals Pty Ltd | Australia | Owner of the Mutooroo copper-cobalt-gold project (Mining Lease application in process) | 100% | 100% |
| Neo Oil Pty Ltd | Australia | No current tenements | 100% | 100% |
| Oban Energy Pty Limited | Australia | No current tenements | 100% | 100% |

All the subsidiaries listed in the table above are members of the Australian tax-consolidated group. Havilah Royalty company was established subsequent to the end of the financial year.

39. Joint Operation and Joint Venture Arrangements

a) Joint operation arrangement

Portia Gold Mine joint operation with Consolidated Mining & Civil Pty Ltd

On 6 January 2015 the Group entered into a mining and processing agreement with CMC to develop the Portia Gold Mine.

This agreement ceased to apply on 11 July 2018 when the Group divested the Benagerie Gold Pty Ltd subsidiary.

b) Joint venture arrangements

The Group's interests in unincorporated joint venture arrangements were as follows:

| | Year ended 31 July 2018 | Year ended 31 July 2017 |
|-------------------------------|-------------------------|--------------------------------|
| Exco Joint Venture | - | Earning up to 75% ¹ |
| Prospect Hill Joint Venture | Earning up to 85% | Earning up to 85% |
| Pernatty Lagoon Joint Venture | Surrendering up to 90% | Surrendering up to 90% |

¹ In the right to iron ore and associated minerals.

Exco joint venture agreement with Exco Operations (SA) Ltd and Polymetals (White Dam) Pty Ltd

On 21 November 2011 the Group entered into a farm-in agreement (Agreement) with Exco Operations (SA) Ltd and Polymetals (White Dam) Pty Ltd relating to exploration on EL5393 (formally EL4200). Under the agreement, the Group would earn a participating interest in the rights to iron ore and other minerals which may exist on the tenement under the agreement.

The Group agreed to undertake an exploration program on the tenement over a three year period from 21 November 2011 with a minimum total expenditure of \$1.200 million, which would give the Group a 75% interest in any future development of the project or a higher interest if the partners elect not to contribute to future expenditure.

Land access issues prevented the Group from meeting its farm-in obligation within the three year period so the parties agreed to extend the date for completion to a date being six months after the date on which the exploration approvals were granted by the Department of the Premier and Cabinet of South Australia. These exploration approvals were not granted while the farm-in agreement was in place and as at 17 May 2018 the Group had spent \$0.923 million under the above Agreement.

On 17 May 2018 Havilah Resources Limited purchased EL5393 (formally EL4200) from Exco Operations (SA) Ltd and Polymetals (White Dam) Pty Ltd for \$75,000 upon transfer of the tenement and a 1.25% royalty on all minerals produced from the tenement. The Sale and Purchase Deed supersedes the previous farm-in agreement between the parties, as amended or varied in which the Group was to earn a participating interest in the rights to iron ore and other minerals occurring with the iron ore which may exist on the tenement.

Prospect Hill joint venture agreement with Teale and Associates Pty Ltd and Mr Adrian Brewer

On 26 March 2007 the Group entered into a farm-in agreement (Agreement) with Teale and Associates Pty Ltd and Adrian Brewer relating to exploration on EL5891 (formerly EL4806 & EL3605) that allowed the Group to earn a participating interest in the tenement.

The Group undertook to fund an exploration program exceeding \$0.500 million on the tenement over a three year period from 26 March 2007 in order to earn a 65% interest in the tenement, and this has been met. The Group is able to earn an additional 20% interest in the tenement by completing a bankable feasibility study.

As at 31 July 2018 the Group has spent \$1.051 million under the above Agreement.

Pernatty Lagoon joint venture agreement with Red Metal Limited

On 15 October 2004 the Group entered into a farm-in agreement with RML relating to exploration on EL6014 (formerly EL5107, EL3854 and EL2979).

Under the farm-in agreement, RML was required to spend an amount of \$1.000 million over a period of five years (ended on 15 October 2009) on exploration work, which entitled RML to secure a 70% interest in the tenement.

RML met this requirement and secured a 70% interest in the tenement and the Group has elected to not contribute to further exploration expenditure which has diluted its interest further. Once the interest of the Group is diluted to 10% then the Group shall either convert its interest into a 10% carried interest or exchange its interest into a right to receive a net smelter royalty which is determined depending on metal prices.

As at 31 July 2018, RML has spent \$3.313 million under the above farm-in agreement and the Group's interest has been diluted to 12.46%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. Parent Company Financial Information

| | 31 July 2018 | 31 July 2017 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 5,684 | 1,250 |
| Non-current assets | 43,203 | 43,421 |
| Total assets | 48,887 | 44,671 |
| Liabilities | | |
| Current liabilities | 3,524 | 3,392 |
| Non-current liabilities | 388 | 415 |
| Total liabilities | 3,912 | 3,807 |
| Net assets | 44,975 | 40,864 |
| Equity | | |
| Contributed equity | 71,675 | 65,072 |
| Reserves | 514 | 760 |
| Accumulated losses | (27,214) | (24,968) |
| Total equity | 44,975 | 40,864 |
| Comprehensive Income | | |
| Loss for the financial year | (1,357) | (3,903) |
| Other comprehensive income | - | 968 |
| Total comprehensive loss | (1,357) | (2,935) |

Commitments for expenditure and contingent liabilities of Parent Company

Exploration expenditure commitments

The exploration expenditure commitments are similar to that of the Group as detailed in Note 31(a).

Native title

The circumstances around native title for the Parent Company are similar to that of the Group as detailed in Note 31(c).

41. Subsequent Events

On 26 October 2018, the Group accepted an offer from Investec for a 12-month \$6.000 million standby loan Facility. Investec confirmed credit approval for the Facility with the final documentation expected to be completed in early November 2018. The detailed terms of the Facility are confidential, but the key points are:

- Interest is set at the floating Bank Bill Swap Bid Rate (BBSY) plus a credit margin;
- Investec will be issued with a potential total of up to 10 million three-year unlisted options, depending on the actual utilisation of the Facility. The exercise price will be set at a 20% premium over the 30-day volume weighted average share price when the issue of options is triggered;
- Havilah Resources Limited and its subsidiaries, Kalkaroo Copper Pty Ltd and Mutooroo Metals Pty Ltd, will provide guarantees in support of the Facility; and
- Cancellation of the Portia contingent success fee, which was to have applied if production from Portia exceeded 50,500 ounces of gold in total with a cap of 80,000 ounces. This was part of the terms of the 2015 \$6.000 million loan and risk management facility.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

The Directors declare that:

1. In the Directors' opinion, the consolidated financial statements and notes, set out on pages 72 to 109, are in accordance with the *Corporations Act 2001*, including:
 - a) Complying with relevant Australian Accounting Standards and the *Corporations Regulations 2001*;and
 - b) Giving a true and fair view of the Group's financial position as at 31 July 2018 and of its performance for the financial year ended on that date; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Financial Controller for the financial year ended 31 July 2018.

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

On behalf of the Directors:



Mr Kenneth Williams

Independent Non-executive Chairman

31 October 2018

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

31 October 2018

The Board of Directors
Havilah Resources Limited
164 Fullarton Road
DULWICH SA 5065

Dear Board Members

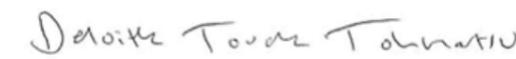
Havilah Resources Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Havilah Resources Limited.

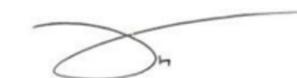
As lead audit partner for the audit of the financial statements of Havilah Resources Limited for the year ended 31 July 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited



Deloitte Touche Tohmatsu
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 Australia

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Independent Auditor's Report to the members of Havilah Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Havilah Resources Limited (the "Company") and its subsidiaries (the "consolidated entity"), which comprises the consolidated statement of financial position as at 31 July 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity 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* (the Code) that are relevant to our audit of the 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 directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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 Member of Deloitte Touche Tohmatsu Limited



| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| Carrying value of exploration and evaluation assets | |
| As at 31 July 2018 the consolidated entity has \$32,984,000 of exploration and evaluation expenditure as disclosed in Note 14. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including: <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. | Our procedures included, but were not limited to: <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the consolidated entity and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; • Assessing whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and • Assessing whether any facts or circumstances existed to suggest impairment testing was required. We also assessed the appropriateness of the disclosures included in Note 14 to the financial statements. |

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 31 July 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Deloitte.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the consolidated entity's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 60 to 69 of the Director's Report for the year ended 31 July 2018.

In our opinion, the Remuneration Report of Havilah Resources Limited, for the year ended 31 July 2018, complies with section 300A of the *Corporations Act 2001*.

Deloitte.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants
Adelaide, 31 October 2018



Havilah Exploration Camp at Kalkaroo Station

Additional Securities Exchange Information

ADDITIONAL SECURITIES EXCHANGE INFORMATION

For the Financial Year Ended 31 July 2018

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below. The information is effective for the Company as at 26 October 2018.

Substantial Shareholders

The number of ordinary shares held by substantial shareholders and their associates (who hold 5% or more of total fully paid ordinary shares on issue), as disclosed in substantial holder notices given to the Company, is set out below :

| Shareholder | Number of shares |
|------------------------------|------------------|
| Trindal Pty Ltd | 41,945,674 |
| First Names (Jersey) Limited | 19,955,425 |

Voting Rights

Voting rights of shareholders are governed by the Company's Constitution.

Ordinary Shares: In summary, on a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held.

Unlisted Options: No voting rights.

| Ordinary shares (HAV) | | | |
|-----------------------------|--|--------------------|-------------------------------|
| Twenty largest shareholders | | Number held | Percentage of issued shares % |
| 1 | Trindal Pty Ltd | 41,945,674 | 19.2% |
| 2 | First Names (Jersey) Limited | 19,955,425 | 9.1% |
| 3 | Glencopper SA Pty Ltd | 10,153,756 | 4.7% |
| 4 | National Nominees Limited | 6,599,908 | 3.0% |
| 5 | Paul Clark | 6,360,000 | 2.9% |
| 6 | J P Morgan Nominees Australia Limited | 5,041,543 | 2.3% |
| 7 | HSBC Custody Nominees (Australia) Limited | 4,709,255 | 2.2% |
| 8 | Statsmin Nominees Pty Ltd | 4,556,346 | 2.1% |
| 9 | Michael Hsiau Yun Lan | 3,970,000 | 1.8% |
| 10 | Brian Kenneth Murphy | 3,687,554 | 1.7% |
| 11 | HNC Holdings Pty Ltd | 2,625,000 | 1.2% |
| 12 | Citicorp Nominees Pty Limited | 2,430,164 | 1.1% |
| 13 | Krystyna Helena Kasperowicz | 2,350,000 | 1.1% |
| 14 | BNP Paribas Nominees Pty Ltd | 2,140,476 | 1.0% |
| 15 | Dianne Laurance Super Pty Ltd | 2,049,181 | 0.9% |
| 16 | Craig Park Pty Ltd | 2,027,935 | 0.9% |
| 17 | Keith Robert Johnson | 1,650,000 | 0.8% |
| 18 | Talager Pty Ltd | 1,597,147 | 0.7% |
| 19 | Werner Lushington & Sylvia Angelika Lushington | 1,410,000 | 0.6% |
| 20 | Craig Graeme Chapman | 1,314,183 | 0.6% |
| Total | | 126,573,547 | 58.0% |

Securities Exchange

The Company is listed on the ASX.

Havilah was incorporated on 11 February 1997.

Havilah was listed on the ASX on 21 March 2002.

| Listed options (HAVOC) | | | |
|------------------------------|--|------------------|------------------------------|
| Twenty largest optionholders | | Number held | Percentage of listed options |
| 1 | HNC Holdings Pty Ltd | 1,250,000 | 9.2% |
| 2 | National Nominees Limited | 1,134,160 | 8.3% |
| 3 | Michael Hsiau Yun Lan | 825,000 | 6.1% |
| 4 | Trindal Pty Ltd | 753,566 | 5.5% |
| 5 | Melanto Pty Ltd | 527,500 | 3.9% |
| 6 | J P Morgan Nominees Australia Limited | 523,136 | 3.8% |
| 7 | Arlington Group Asset Management Limited | 450,000 | 3.3% |
| 8 | Patrick James Opie Booth | 399,664 | 2.9% |
| 9 | Jetosea Pty Ltd | 394,241 | 2.9% |
| 10 | Christopher Lindsay Bollam | 374,738 | 2.8% |
| 11 | Robert Clowes | 312,500 | 2.3% |
| 12 | Tindindi Cellars Pty Ltd | 295,714 | 2.2% |
| 13 | Patrick James Booth | 270,000 | 2.0% |
| 14 | Nalje Pty Limited | 270,000 | 2.0% |
| 15 | Craig Raymond | 250,000 | 1.8% |
| 16 | Alpine Heights (Hotham) Pty Ltd | 250,000 | 1.8% |
| 17 | Richard Arthur Lockwood | 250,000 | 1.8% |
| 18 | Fitfig Pty Ltd | 250,000 | 1.8% |
| 19 | Brian Kenneth Murphy | 230,473 | 1.7% |
| 20 | Donaldson Diesel Service Pty Ltd | 229,793 | 1.7% |
| Total | | 9,240,485 | 67.9% |

| Distribution of Equity Security Holders | | | |
|---|-----------------|----------------|--|
| Holding | Ordinary shares | Listed options | |
| 1 - 1,000 | 258 | 183 | |
| 1,001 - 5,000 | 853 | 141 | |
| 5,001 - 10,000 | 440 | 37 | |
| 10,001 - 100,000 | 1,029 | 81 | |
| 100,001 - 1,000,000 | 202 | 26 | |
| 1,000,001 and over | 28 | 2 | |
| Total | 2,810 | 470 | |

There were 698 shareholders holding less than a marketable parcel of ordinary shares to the value of \$500.

| Unissued equity securities | Number of options |
|---|-------------------|
| Listed Options | 13,606,867 |
| Unlisted options – Director share options | 4,200,000 |
| Unlisted options – Employee share option plan | 50,000 |
| Unlisted options – Investors | 800,000 |
| Total | 18,656,867 |

Office Holders

Kenneth Graham Williams

(Independent Non-executive Chairman)

Mark Robert Stewart

(Independent Non - executive Director)

Christopher William Giles

(Executive Director - Technical)

Walter Douglas Richards

(Chief Executive Officer & Company Secretary)

Claire Louise Redman

(Business Manager & Company Secretary)

Share Registrar

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide, South Australia 5000

External Auditor

Deloitte Touche Tohmatsu
11 Waymouth Street, Adelaide, South Australia 5000

Solicitors to the Company

Arion Legal
Level 2, 136 Greenhill Road Unley, South Australia, 5061

Registered Office and Principal Place of Business

Head Office: 164 Fullarton Road, Dulwich, South Australia 5065
Telephone: +61(08) 8155 4500
Website: www.havilah-resources.com.au
Email: info@havilah-resources.com.au

Forward Looking Statements

This Annual Report prepared by Havilah Resources Limited (or 'Havilah') includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'continue', and 'guidance', or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Havilah's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves and resources, political and social risks, changes to the regulatory framework within which the Havilah operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Havilah and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Havilah's business and operations in the future. Havilah does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that Havilah's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by Havilah or management or beyond the Havilah's control.

Although Havilah attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of Havilah. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in this Annual Report speak only at the date of issue. Subject to any continuing obligations under applicable law or the ASX listing rules, in providing this information Havilah does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

GLOSSARY

| Abbreviation | Full term | Abbreviation | Full term |
|--------------|---|-----------------|---|
| A\$ | Australian dollars | eU308 | equivalent uranium oxide |
| AAS | Australian Accounting Standards | Exco | Exco Operations (SA) Pty Ltd |
| AASB | Australian Accounting Standards Board | Fe | iron |
| AAT | Administrative Appeals Tribunal | GEL | Geothermal Exploration Licence |
| AEA | Amalgamated Expenditure Arrangement | GFG Alliance | Gupta Family Group Alliance |
| ASIC | Australian Securities and Investments Commission | Glencore | Glencore International AG |
| ASX | ASX Limited (CAN 008 624 691) trading as Australian Securities Exchange | GST | Goods and Services Tax |
| AusIndustry | a division of the Department of Industry, Innovation and Science | the Group | the consolidated entity consisting of Havilah Resources Limited and its subsidiaries |
| Bergen | Bergen Global Opportunity Fund II, LLC | Ha | hectares |
| CEO | Chief Executive Officer | Havilah | Havilah Resources Limited |
| CMC | Consolidated Mining & Civil Pty Ltd | IFRS | International Financial Reporting Standards |
| COGS | costs of goods sold | IOCG | iron oxide copper gold |
| D&A | depreciation and amortization | ISD | insufficient data |
| DEM | Department for Energy and Mining South Australia | JORC | Joint Ore Reserves Committee |
| DRC | Democratic Republic of the Congo | the JORC Code | Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources |
| EBITDA | Earnings before Interest, Taxes, Depreciation and Amortisation | Kt | Kilo tonnes |
| ELA | Exploration Lease Application | km | kilometre |
| EL | Exploration Lease | km ² | square kilometre |
| EM | Electromagnetic | M | Million |

| Abbreviation | Full term | Abbreviation | Full term |
|--------------|--|--------------|--|
| m | metres | RC | Reverse Circulation |
| MC | Mineral Claim | R&D | Research & Development |
| ML | Mining Lease | RML | Red Metal Limited |
| MMG | Minerals & Metals Group Limited | RTP | Reduced to Pole |
| MPLA | Miscellaneous Purposes Lease Application | SA | South Australia |
| Moz | million troy ounces | SACOME | South Australian Chamber of Mines & Energy |
| MT | magnetotelluric | SEDEX | Sedimentary Exhalative |
| Mt | million tonnes | SIMEC | Shipping, Infrastructure, Mining Energy, Commodities |
| MVT | Mississippi Valley Type | SIMEC Mining | Division of SIMEC Group (part of GFG Alliance) |
| NE | Northeast | SW | Southwest |
| NSR | net smelter return | t | Tonnes |
| NT | Northern Territory | TMI | Total Magnetic Intensity |
| NTMA | Native Title Mining Agreement | U | uranium |
| NW | Northwest | U308 | uranium oxide |
| oz | troy ounce | US\$ | United States dollars |
| PFS | Prefeasibility Study | USA | United States of America |
| plc | publicly listed company | WA | Western Australia |
| ppm | parts per million | Wanbao | Wanbao Mining Limited |
| Qld | Queensland | W-SW | West-southwest |



Landscape at Kalkaroo Deposit