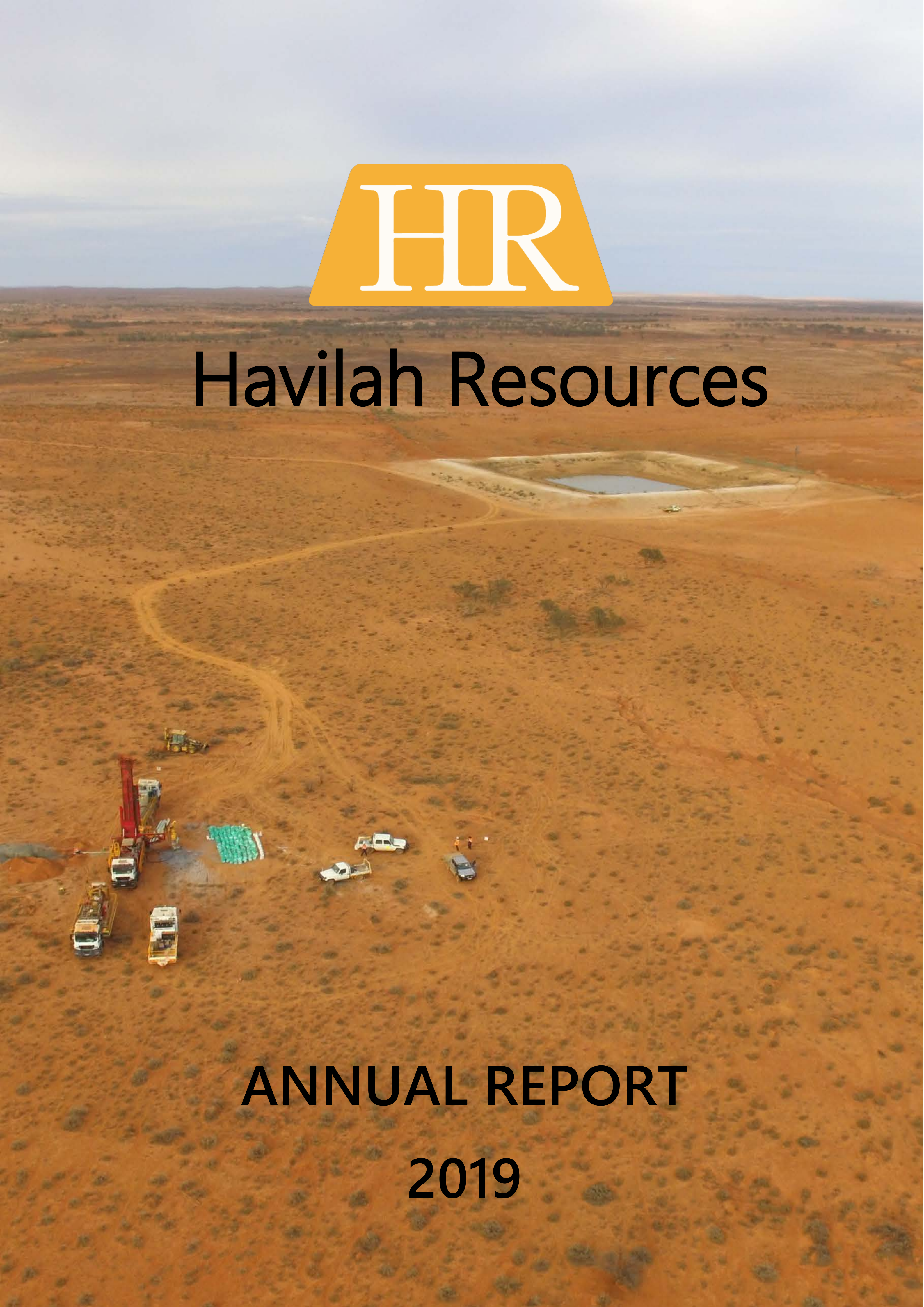

Havilah Resources

ANNUAL REPORT

2019

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Forward Looking Statements

This Annual Report prepared by 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 Group'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, political and social risks, changes to the regulatory framework within which the Company 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 Group and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Group's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Group or management or beyond the Group's control.

Although the Group 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 the Group. 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 the Group 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.

ABOUT HAVILAH

A Multi-Commodity Minerals Portfolio in South Australia

100% Ownership of High Quality Mineral Assets in the Curnamona Craton

Copper–gold–cobalt

- **Kalkaroo:** Positive independent pre-feasibility study ('PFS').
  - Confirms viability of a large-scale open pit copper mine.
  - 100 million tonne JORC Ore Reserve (474,000 tonnes copper, 1.41 million ounces gold) can support a 13 year production period.
- **Mutooroo:** Open pit copper deposit with cobalt. Underground mining potential in sulphide lode at depth.
- Considerable opportunity for resource expansion of both Kalkaroo and Mutooroo deposits along strike, down-dip and in adjacent areas.

Iron ore

- **Maldorky and Grants:** combined JORC Mineral Resource of 451 million tonnes of iron ('Fe') in proximity to the transcontinental railway line; amenable to efficient upgrading to 65% Fe product with low impurities.
- **Grants Basin:** Exploration Target* of 3.47-3.79 billion tonnes with a grade range of 23.9-27.6% Fe (using an 18% iron assay cut-off grade) in only 25% of the iron ore basin area.

  * the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Exploration upside

- Over 16,000 km^2 of highly prospective mineral tenements in the Curnamona Craton.

Excellent logistics and low sovereign risk

- Located in northeastern South Australia in proximity to the transcontinental railway line, Barrier highway and regional mining city of Broken Hill. South Australia is a low sovereign risk jurisdiction, that actively encourages mineral exploration and development.

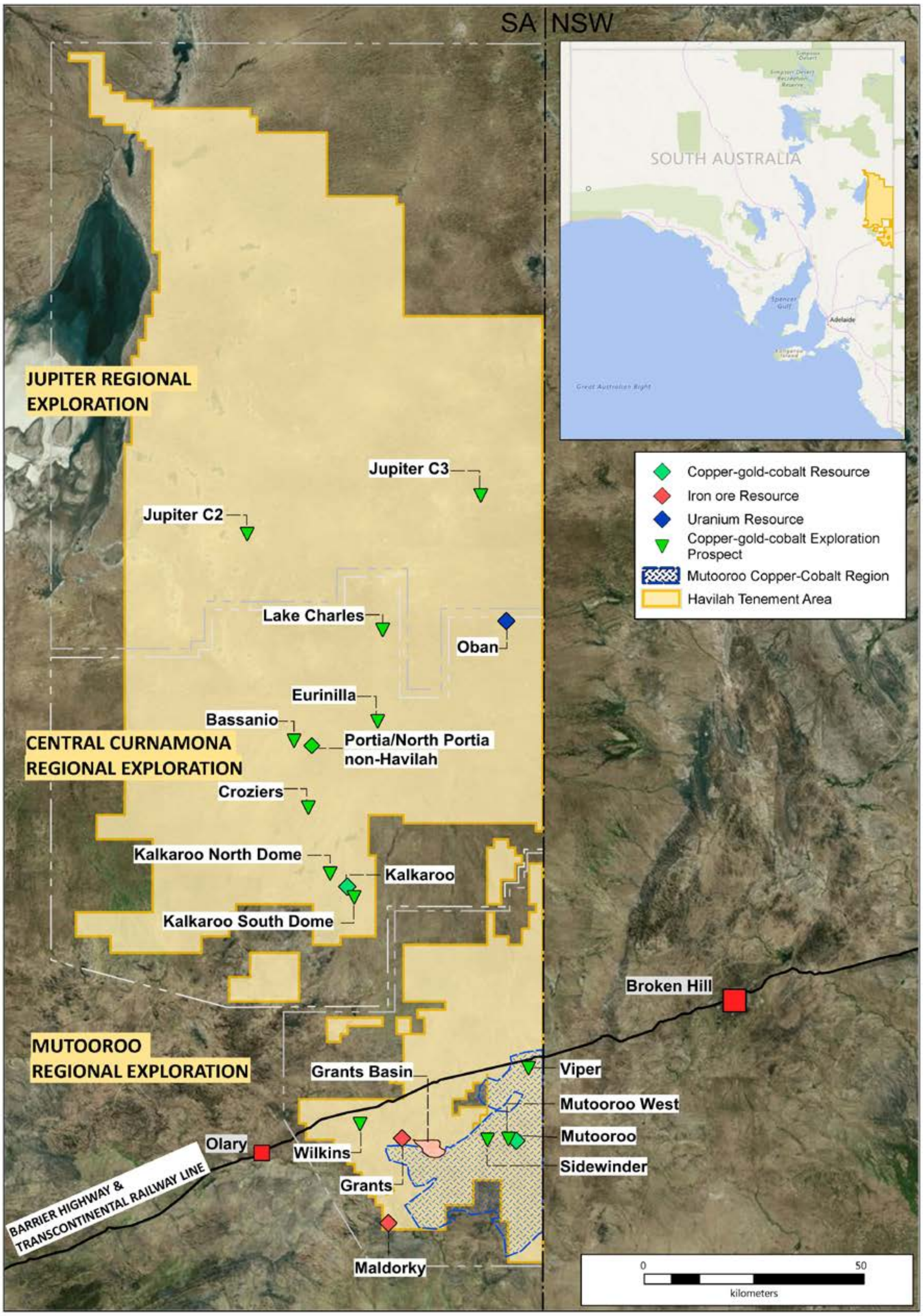
Key Strategic Objectives

Optimise returns to shareholders from strategic management of minerals portfolio by:

- Progressing and de-risking advanced mineral projects in order to attract investment partners via farm-out or asset sale.
- Make new exploration discoveries on the large and highly prospective Curnamona Craton mineral tenement holding.

Cover: Drilling at the Grants Basin during November 2018, for drillhole GBRC005 (drone photograph courtesy of Sean Burgan - Drilling Supervisor).

Unless otherwise stated, items in photographs shown in this Annual Report are not assets of Havilah Resources Limited.



Shown above are Havilah's deposit, prospect and tenement portfolio in northeastern South Australia, near Broken Hill.

LETTER FROM THE BOARD OF DIRECTORS

Havilah Resources Limited ('Havilah' or 'Company') has been restructured in recent months with the appointment of two new Directors, an appreciable reduction in overheads, repayment of $1.5 million of the Investec Australia Finance Pty Limited ('Investec') $2.5 million loan and concentration on value adding technical activities. The Company is being redirected to focus on what we believe all shareholders really want: namely to maximise the value of the multi-commodity mineral portfolio and to make new mineral discoveries in a way that generates sustainable share price appreciation.

The streamlined technical team's primary objective will be to progress pre-feasibility studies on Havilah's advanced mineral projects in order to upgrade their investment attractiveness. This in turn will enhance the opportunities for sale or farm-out of the projects. In addition, planned exploration drilling programs will aim to make material new copper-gold mineral discoveries on the Company's highly prospective mineral tenement holding.

The first two priority tasks of the new Board will be to recapitalise the Company and to repay the Investec standby debt facility via a capital raising through a non-renounceable rights issue to eligible shareholders. This will only be possible due to the newly unified and supportive shareholder base.

The balance of funds raised will allow Havilah to embark on an exciting path to advance four key technical objectives:

- Completing the updated Kalkaroo PFS that incorporates new metallurgical results, especially relating to improved gold recoveries and pyrite concentrate sales;
- Drilling with the aim of delineating a >0.5 billion tonne iron ore resource at the 'West End' of the Grants Basin to allow design of an open pit with minimal waste;
- Completing the Mutooroo PFS as a standalone open pit copper deposit, with studies of the underground mining potential; and
- Drilling of several high conviction copper-gold exploration targets and better geophysical definition of the Jupiter MT anomaly target.

The Company will be making prudent use of funds to maximise their effectiveness.

Shareholders can look forward to a continuous flow of news as these tasks are progressively undertaken over the next twelve months. In pursuing this program of work Havilah is positioning itself for the possibility of a value adding asset sale, farm-out or a new mineral discovery.

In spite of the present world economic uncertainty, we believe we are heading into a favourable commodities cycle, especially for copper, with its many uses and constrained production upside capacity. Havilah is well leveraged to this up-cycle with its large JORC Mineral Resources and its two advanced copper mineral projects.

As the new Board, we will be aiming to ensure that shareholders reap any benefits of an improved commodity outlook.

We thank all shareholders, contractors and employees for their support and patience as we re-position Havilah in order to realise the latent value in its asset portfolio.

Victor Previn, Simon Gray and Chris Giles

DIRECTORS' REPORT

The Board of Directors submits its Directors' Report on Havilah Resources Limited and its subsidiaries (the 'Group') for the financial year ended 31 July 2019 (the 'financial year').

Board of Directors

The Directors of the Company at the date of this Directors' Report are:

Mr Victor Previn (Independent Non-Executive Director) appointed 9 October 2019
Mr Simon Gray (Executive Director) appointed 9 October 2019
Dr Christopher Giles (Executive Director – Technical Director)

Detailed below are the Directors who held office during or since the end of the financial year:

Dr Christopher Giles *B.Sc (Hons), PhD, MAIG*
Dr Christopher 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 the Group's mineral tenement holding in the Curnamona Craton of northeastern South Australia. As the Technical Director for Havilah Resources Limited, 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 JORC Mineral Resources. 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.

Special Responsibilities
Member of the Audit, Nomination and Remuneration Committees

Directorships of Other ASX Listed Entities During the Last Three Years
None.

Havilah Shares and Share Options
41,945,674 fully paid ordinary shares.
722,066 listed share options with an exercise price of $0.40 expiring 30 November 2019.
2,400,000 unlisted share options with an exercise price of $0.36 expiring 12 December 2021.

Mr Victor Previn (Appointed 9 October 2019) *B.Eng*
Victor Previn is a professional engineer and one of the original founders of Ellex Medical Lasers Limited. His career spans more than 30 years in the laser industry. Victor was responsible for developing and commercialising the technology platform that is now the core of Ellex's current production. It is listed on the Australian Securities Exchange ('ASX') as ELX. Victor is a long-term shareholder of Havilah Resources Limited and resides in Adelaide.

Special Responsibilities
Member of the Audit, Nomination and Remuneration Committees

Directorships of Other ASX Listed Entities During the Last Three Years
Ellex Medical Lasers Limited.

Havilah Shares and Share Options
775,153 ordinary shares.

Mr Simon Gray (Appointed 9 October 2019) *B.Ec (Com) CA*
Simon has over 35 years' experience as a Chartered Accountant and 20 years as a Partner with Grant Thornton, a national accounting firm. During his last five years at the firm, he was responsible for the Grant Thornton Mining and Energy group. Simon retired from active practice during July 2015. His key expertise lies in audit and risk, valuations, due diligence and ASX Listings. Simon is currently Chair of the Audit and Finance Committee of the Flinders Medical Research Foundation and a Member of the Audit and Finance Committee of the South Australia Medical Research Foundation and is a Director of several unlisted companies. Simon is a resident of Adelaide.

Special Responsibilities
Member of the Audit, Nomination and Remuneration Committees

Directorships of Other ASX Listed Entities During the Last Three Years
None.

Havilah Shares and Share Options
40,000 unlisted employee share options with an exercise price of $0.22 expiring on 11 July 2023

Mr Mark Stewart - (Resigned 9 October 2019)
Mr Stewart had been appointed to the Board on 12 December 2017. Mr Stewart is a practicing commercial and corporate lawyer. Mr Stewart is a member of the Australian Institute of Company Directors.

Mr Kenneth Williams - (Resigned 3 January 2019)
Mr Williams had been originally appointed to the Board on 17 November 2003. 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.

Mr Martin Janes – (Appointed 2 January 2019. Resigned 9 October 2019)
Mr Janes has a Bachelor of Economics and is member of the Australian Institute of Company Directors. He is a director of Maximus Resources Limited. He was formerly a director of Twenty Seven Co. Limited.

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, 26 Board Meetings were held and 6 meetings of the Audit and Risk Committee were held.

The Directors established a Nomination Committee and a Remuneration Committee on 23 July 2019. One meeting was held for each of these committees during the financial year.

Meeting	Board of Directors		Audit and Risk Committee		Nomination Committee		Remuneration Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Mark Stewart	25	25	6	6	1	1	1	1
Mr Martin Janes **	12	11	3	3	1	1	1	1
Dr Christopher Giles	25	25	6	6	1	1	1	1
Mr Kenneth Williams *	13	13	2	2	-	-	-	-

*Mr Williams resigned on 2 January 2019, the number of meetings held for the financial year for the Board and Audit and Risk Committee during the time he was a Director was 13 and 2 respectively.
**Mr Janes was appointed on 2 January 2019, the number of meetings held for the financial year for the Board and Audit and Risk Committee since he was a Director was 12 and 3 respectively.

Company Secretaries

Mr Simon Gray - appointed as a Company Secretary on 29 January 2019.
Mr Walter Richards - resigned as a Company Secretary effective 1 February 2019.
Ms Claire Redman - resigned as a Company Secretary effective 30 September 2019.

Principal Activities

The principal activity of the Group is exploration for minerals (predominantly copper, gold, cobalt and iron ore) on its extensive mineral tenement holdings in the Curnamona Craton region of northeastern South Australia. The objective is to translate exploration success into shareholder value by developing the JORC Ore Reserves and Mineral Resources into profitable operating mines and/or via sale or farm-out with suitable well funded partners.

The Group achieved technical success during the financial year, as outlined in the Review of Operations below.

Review of Operations

This financial year had two significant technical operational highlights:

1. Release of the Kalkaroo PFS that was prepared by an independent mining consultant, RPMGlobal Asia Limited, for Wanbao Mining Limited; and

2. Discovery and confirmation of the vast Grants Basin iron ore deposit and suitability of the Maldorky iron ore for upgrading by conventional processing methods.

1. Kalkaroo PFS

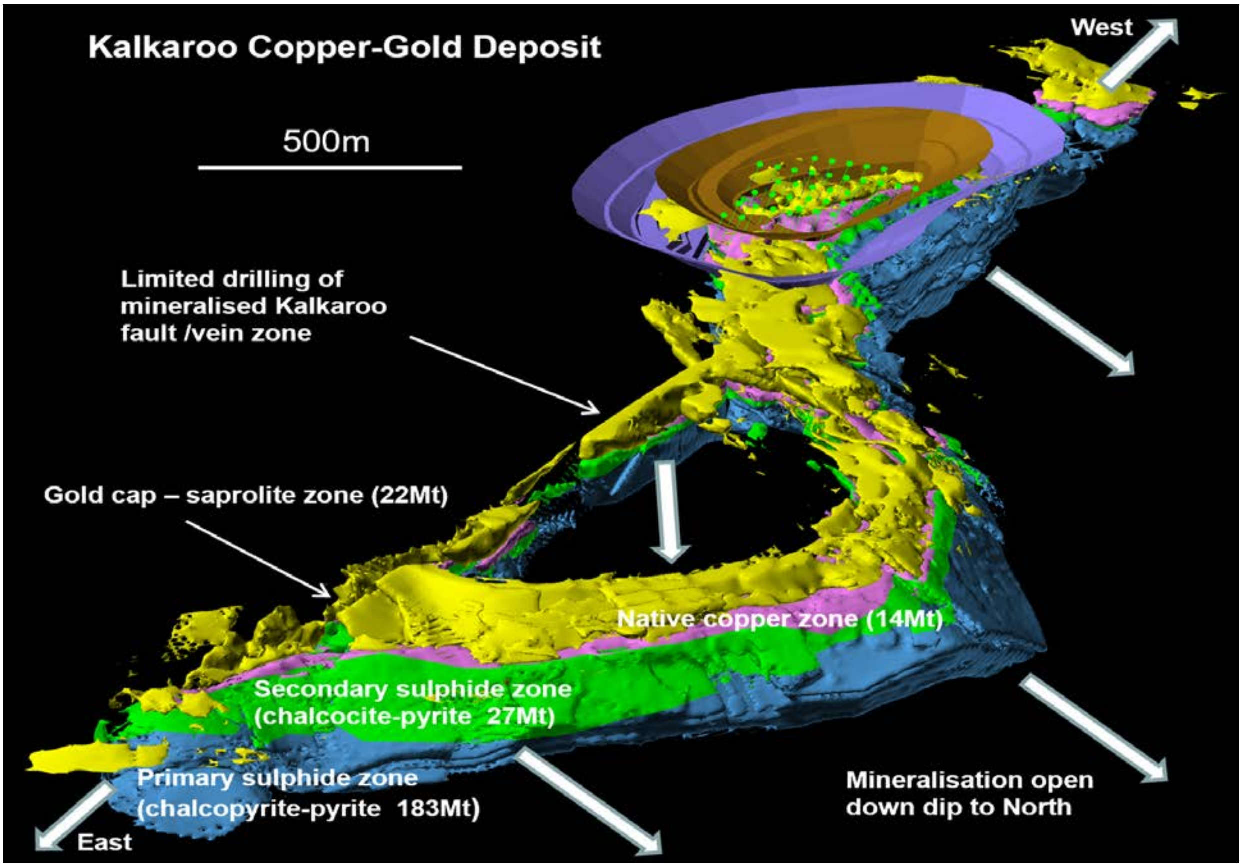
The PFS showed positive project economics in support of a large-scale open pit copper-gold mine with an average annual production of 30,000 tonnes of copper and 72,000 ounces of gold (as recovered metal) over a 13 year production period (see ASX announcement dated 18 June 2019).

The project has an estimated pre-tax NPV7.5% (net present value) of $564 million and an internal rate of return of 26% at USD2.89/lb copper, USD1,200/oz gold, AUD:USD0.75. Pre-production capital expenditure is estimated to be $332 million.

This was based on a JORC Ore Reserve of 100.1 million tonnes (Proven - 90.2 million tonnes, Probable - 9.9 million tonnes) that contains 474,000 tonnes of copper and 1.41 million ounces of gold. This in turn is supported by total JORC Mineral Resources of 1.1 million tonnes of copper and 3.1 million ounces of gold.

There is considerable exploration potential to expand the resource at Kalkaroo with the deposit being open down-dip and along strike.

Subsequently, Havilah has continued with its program of work designed to investigate some of the potential upside scenarios identified by the PFS with the aim of adding further value to the project. Highlights include notably improved gold recoveries in the oxidised saprolite gold ore and the confirmation of appreciable cobalt and gold grades in pyrite concentrates generated from the copper tailings (see ASX announcement dated 9 May 2019).



Oblique view of the Kalkaroo copper-gold deposit showing the different ore zones with increasing depth. The mineralisation is open down dip and along strike.

Supported by funds raised from the Rights Issue, these new results will be incorporated into an updated PFS that is planned to be completed during the second quarter of calendar year 2020.

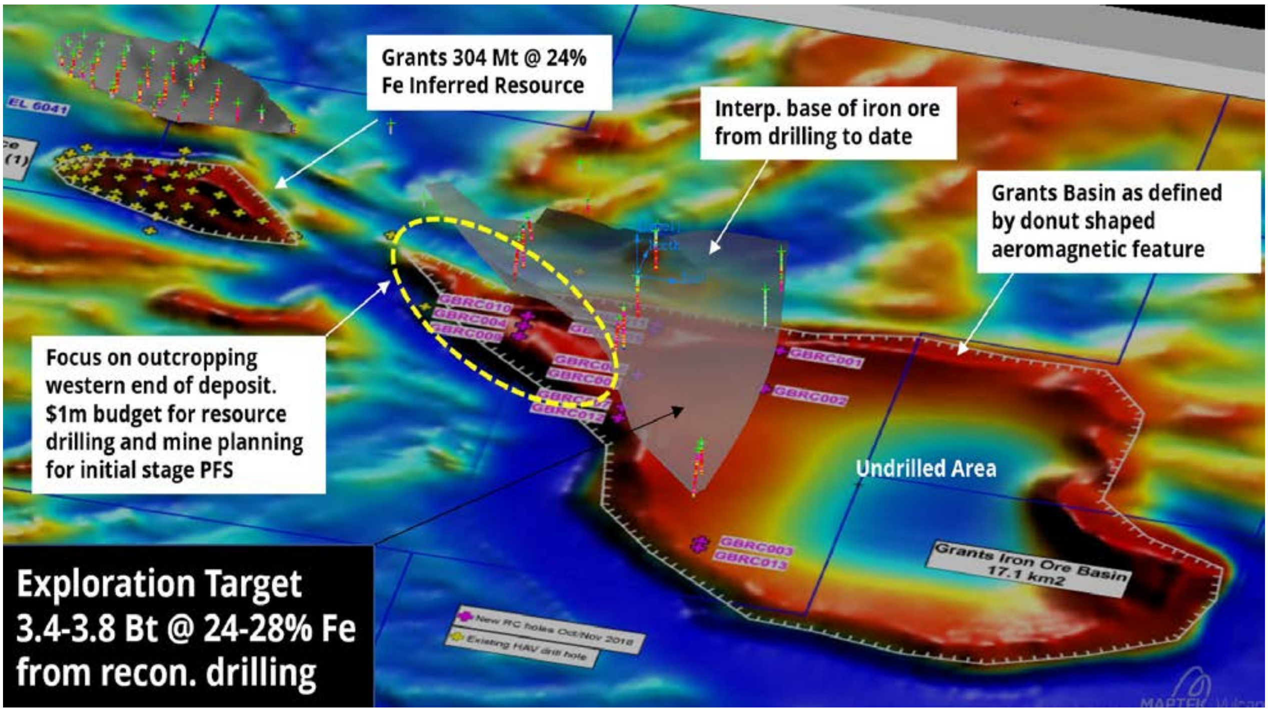
Following signing of the Native Title Mining Agreement during December 2018, three Mineral Leases ('ML') and two Miscellaneous Purposes Licences ('MPL') were granted by the Department for Energy and Mining ('DEM') (see ASX announcement dated 22 May 2019). This, together with ownership of the surrounding land via the Kalkaroo Station pastoral lease, significantly de-risks the project.

2. Grants Basin Exploration Target

During the financial year, drilling confirmed a major new iron ore discovery at the Grants Basin with an Exploration Target of 3.47-3.79 billion tonnes of 23.9-27.6% iron using an 18% iron assay cut-off grade (note that the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource) (see ASX announcement dated 5 April 2019).

This Exploration Target was based on 12 reverse circulation drillholes and 1 diamond drillhole, all located at the western end of the Grants Basin where the iron bearing sequence is at surface and interpreted to be relatively shallowly dipping. Thus far, the wide spaced drilling (1 kilometres x 0.5 kilometres) has only covered about 25% of the 17 km^2 Grants Basin area based on aeromagnetic data interpretation but gives an idea of the potential scale and extent of iron ore mineralisation. The single diamond drillhole (GBDD014) intersected a continuously mineralised iron ore interval of 488 metres at an average grade of 24.57 % iron from 126 metres to 614 metres downhole (see ASX announcement dated 25 June 2019).

Future drilling will be focused at the 'West End' of the Exploration Target, in order to delineate an iron ore resource that can form the basis for a scoping study.



Aeromagnetic image of the Grants Basin showing the area of proposed resource drilling within the Exploration Target.

As part of a due diligence study of the commercialisation potential, OneSteel Manufacturing Pty Ltd ('SIMEC Mining'), a member of the GFG Alliance, undertook an extensive metallurgical testing program using Maldorky iron ore drillcore samples supplied by Havilah. This used a conventional processing circuit that included crushing and grinding followed by gravity and magnetic separation. Results to date are extremely positive and have demonstrated that the targeted product grade of 65% iron and mass recovery level of 40% can be achieved, as well as a high total iron recovery of 85% (see ASX announcement dated 24 April 2019). These results accord with those generated by Havilah's own ore beneficiation test work during 2014.

The testing program also identified a potential opportunity to reduce the capital cost of comminution by employing alternative dry grinding technology that simplifies the circuit and eliminates the requirement for water in front end processing.

Business Strategies and Prospects, Likely Developments and Expected Results of Operations

The Review of Operations sets out information on the business strategies and prospects for future financial years, refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Review of Operations is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Other than the matters included in this Directors' Report or elsewhere in the Annual Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included.

DIRECTORS’ REPORT

JORC Ore Reserves as at 31 July 2019

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 at 31 July 2019

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

There were no changes in the JORC Ore Reserves and Mineral Resources as at 31 July 2019 compared with 31 July 2018. Numbers in above tables are rounded.

Footnotes to 2019 JORC Ore Reserve and Mineral Resource Tables

[1] Details released to the ASX: 18 June 2018 (Kalkaroo)
[2] Details released to the ASX: 18 October 2010 (Mutooroo)
[3] Details released to the 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 the ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)
[6] Details released to the ASX: 25 December 2012 applying an 18% Fe cut-off (Grants)
[7] Details released to the ASX: 4 June 2009 a grade-thickness cut-off of 0.015 metre % eU3O8 (Oban)

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 a suitably qualified Competent Person 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, is employed by Havilah on a consultancy agreement and is a substantial shareholder. 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 Annual Report of the matters based on his information in the form and context in which it appears. Information for the Kalkaroo Ore Reserve and Mineral Resource complies with the JORC Code 2012. All other information was prepared and first disclosed under the JORC Code 2004 and is presented on the basis that the information has not materially changed since it was last reported. Havilah confirms that all material assumptions and technical parameters underpinning the reserves and resources continue to apply and have not materially changed.

Results

Loss for the financial year was $7.338 million (2018: $2.990 million profit) includes an exploration and evaluation impairment provision of $1.133 million (2018: $0.491 million) and a $2.048 million impairment of the receivable based on the revised transaction terms for the divestment of Benagerie Gold Pty Ltd (2018: $nil).

Sales revenue associated with gold inventory was $0.652 million (2018: $nil). Royalty revenue for the financial year was $0.191 million (2018: $0.060 million).

Corporate and administrative costs for the financial year were $4.254 million (2018: $2.004 million) and included $0.641 million in legal fees associated with the proposed investment with SIMEC Mining, $0.604 million in expenses associated with sale of gold inventory on hand, $0.130 million of expenses associated with the EGM held on 4 February 2019. It also included $0.383 million associated with the re-assessed Research & Development ('R&D') Incentive scheme claims from the 2013 and 2014 financial years: $0.128 million in legal fees to defend the Group's position and $0.255 million in penalties imposed by the Australian Taxation Office ('ATO').

The Group has estimated tax losses to carry forward of $69.461 million (2018: $56.962 million). This has not been recognised in the consolidated financial statements.

Total capitalised exploration and evaluation expenditure for the financial year was $3.673 million (2018: $3.333 million).

As at 31 July 2019 the Group had cash and cash equivalents of $3.820 million (2018: $1.847 million). Cash and cash equivalents net of debt as at 31 July 2019 was $1.188 million (2018: $1.676 million).

Operating activities resulted in net cash outflows for the financial year of $1.826 million (2018: $2.779 million). Net cash flows provided by investing activities for the financial year were $1.715 million (2018: $2.556 million outflow).

Basic and diluted earnings per ordinary share for continuing and discontinued operations was a loss of $0.034 (2018: $0.014).

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 2019, the Group established a standby debt facility with Investec that resulted in the issuing of unlisted share options to acquire ordinary shares in Havilah Resources Limited. The share options were issued to Investec in two tranches, both of which vest 12 months after the date of the facility agreement and the share options are to be held in escrow until the facility is repaid or cancelled. Expected vesting date used for valuation purposes is 4 December 2019. The first tranche was 5.000 million unlisted share options which have an exercise price of $0.234 and expire on 1 November 2021. The second tranche issued was 2.500 million unlisted share options which have an exercise price of $0.220 and expire on 20 December 2021.

During the financial year, 2.400 million unlisted share options were granted to a Director, pursuant to approval by shareholders at the 2019 Annual General Meeting. These unlisted share options expire on 12 December 2021, have various vesting conditions attached (see Note 24 to the consolidated financial statements), an estimated vesting date of 12 June 2020 for valuation purposes and have an exercise price of $0.36.

During the financial year, 6.819 million unlisted share options were granted to eligible executives and employees under the Group's new Performance Rights and Share Option Plan. 3.502 million of the share options have an exercise price of $0.28 and 50% of the share options vested immediately on granting. 25% of the remaining share options will vest on 11 July 2020 and a further 25% on 11 July 2021. 3.318 million of the share options have an exercise price of $0.22 and 25% of these share options vested immediately on granting, with the remainder vesting in 25% increments on each of 11 July 2020, 11 July 2021 and 11 July 2022. All of the 6.819 million share options expire on 11 July 2023.

3.650 million unlisted share options previously granted to Directors and employees lapsed and no share options were exercised during the financial year.

At the date of this report there were 218.263 million ordinary shares, 13.593 million listed share options and 17.319 million unlisted share options outstanding.

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

Number of ordinary shares under option	Class of share option	Exercise price of each share option	Expiry date of share option
13,592,581 [1]	Listed options	$0.40	30 November 2019
600,000 [2]	Unlisted options	$0.40	12 December 2020
5,000,000 [3]	Unlisted options	$0.234	1 November 2021
2,400,000 [2]	Unlisted options	$0.36	12 December 2021
2,500,000 [3]	Unlisted options	$0.22	20 December 2021
3,501,604 [4]	Unlisted options	$0.28	11 July 2023
3,317,651 [4]	Unlisted options	$0.22	11 July 2023

[1] Share options issued under a renounceable pro-rata rights issue
[2] Share options issued to Directors
[3] Share options issued under a funding agreement
[4] Share options issued under Performance Rights and Share Option Plan

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

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 skilled people to perform key functions and strives to hire the best people that the market has to offer given the Group's resources.

As at 31 July 2019, the Group had 17 employees: 8 females and 9 males. As at 31 July 2019, the percentage of the Group's work force represented by females had increased to 47%. This was an 8% increase from the prior financial year. Female employees represented 50% of the professional employees in the Group.

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

Environmental Regulations

The Group carries out exploration activities on its mineral exploration tenements in South Australia.

The Group's operations, exploration and evaluation activities are subject to a range of South Australia 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.

Community Support

During the financial year, the Group continued to demonstrate support for the communities in which it operates 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 Directors, 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 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 be found on the Company's website.

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 76.

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.

Matters Arising Subsequent to the End of the Financial Year

Other than the matters disclosed in Note 38 of the consolidated 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.

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 2019. The information provided in this Remuneration Report has been audited by the Company's external auditor, as required by Section 308(3C) of the *Corporations Act 2001*. 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 company 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:

Directors	Position
Mr Victor Previn (appointed 9 October 2019)	Independent Non-Executive Director
Mr Simon Gray (appointed 9 October 2019)	Executive Director, Company Secretary
Dr Christopher Giles	Executive Director – Technical
Mr Mark Stewart (resigned 9 October 2019)	Independent Non-Executive Director, Chairman
Mr Martin Janes (appointed 2 January 2019, resigned 9 October 2019)	Independent Non-Executive Director
Mr Kenneth Williams (resigned 3 January 2019)	Chairman, Independent Non-Executive Director

Other Key Management Personnel	Position
Mr Walter Richards (resigned as Company Secretary effective 1 February 2019, made redundant 2 October 2019)	Chief Executive Officer, Company Secretary
Mr Richard Buckley (position elevated effective 14 January 2019)	Senior Mine Planning Engineer

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

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically approved by shareholders. Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2016 Annual General Meeting ('AGM'), is not to exceed $300,000 per annum.

At the AGM held on 12 December 2018, a resolution that the Remuneration Report for the financial year ended 31 July 2018 be adopted was put to the vote. More than 25% of shareholders voted not to accept the resolution.

In response to this vote and other shareholder feedback received, the group established a Remuneration Committee during the financial year ended 31 July 2019.

The objectives of the Remuneration Committee are to support and advise the Board of Directors on remuneration matters and oversee the setting of remuneration policy, fees and remuneration packages for Directors and senior executives. The Remuneration Committee must comprise at least 3 members, the majority being Independent Non-Executive Directors where possible.

It is the responsibility of the Remuneration Committee to review and make recommendations to the Board on:

a) The remuneration packages of all Directors and senior executives, including terms and conditions offered to all new appointees to these roles;
b) The adoption of appropriate long-term and short-term incentive and bonus plans, including regular review of the plans and the eligible participants; and
c) Staff remuneration and incentive policies and practices.

The Group embodies the following criteria in its remuneration framework:

(i) Performance-based and aligned with the Company's vision, values and overall business objectives;
(ii) Designed to motivate Directors and executives to pursue the Company's long-term growth and success; and
(iii) Demonstrate a clear relationship between the Company's overall performance and the performance of executives and employees.

The full objectives and responsibilities of the Remuneration Committee are documented in the charter approved by the Board of Directors and available on the Company's website.

Relationship Between the Remuneration Policy and Group Performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth to 31 July 2019.

	31 July 2019 $'000	31 July 2018 $'000	31 July 2017 $'000	31 July 2016 $'000	31 July 2015 $'000
Revenue	191	4,811	16,860	2,745	-
EBITDA/ (LBITDA)	(6,874)	2,306	2,549	(302)	(4,496)
(Loss)/ profit for the financial year	(7,338)	(2,990)	(4,229)	1,210	(4,793)
Total comprehensive (loss)/ income	(7,338)	(2,990)	(3,260)	241	(4,793)
Dividends paid	-	-	-	-	-

	31 July 2019	31 July 2018	31 July 2017	31 July 2016	31 July 2015
Share price at beginning of the financial year (shown in cents)	22	36	41	25	15
Share price at end of the financial year (shown in cents)	15	22	36	41	25
Basic (loss)/ profit per ordinary share – from continuing and discontinued operations (shown in cents)	(3.36)	(1.43)	(2.45)	0.70	(3.10)
Diluted (loss)/ profit per ordinary share – from continuing and discontinued operations (shown in cents)	(3.36)	(1.43)	(2.45)	0.60	(3.10)

There is no link between remuneration and Group performance.

Remuneration of Key Management Personnel

Short-term employee benefits					Post-employment benefits	Long-term employee benefits	Share-based payments	
2019	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Superannuation $	Long service leave $	Share options [1] $	Total $
Non-Executive Directors								
Mr Mark Stewart	85,511	-	-	-	8,124	-	-	93,635
Mr Martin Janes	37,250	-	-	-	3,539	-	-	40,789
Mr Kenneth Williams	40,457	-	-	-	3,843	-	-	44,300
Executive Officers								
Dr Christopher Giles	174,984[2]	-	6,216[3]	100[4]	-	-	33,836[5]	215,136
Mr Walter Richards	330,000	-	-	-	38,405	9,580	46,009[6]	423,994
Mr Richard Buckley[7]	135,417	-	-	-	12,865	6,250	28,967[8]	183,499
Total	**803,619**	**-**	**6,216**	**100**	**66,776**	**15,830**	**108,812**	**1,001,353**

Short-term employee benefits					Post-employment benefits	Long-term employee benefits	Share-based payments	
2018	Salary & fees $	Cash bonus $	Non-monetary $	Other $	Superannuation $	Long service leave $	Share options $	Total $
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
Total	**663,312**	**-**	**-**	**-**	**46,392**	**-**	**34,558**	**744,267**

[1] The value of the share options and rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial option 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] Provision of Company funded vehicle inclusive of fringe benefits tax payable.

[4] Approximate cost of insurance coverage for private vehicle owned by Dr Christopher Giles.

[5] Issue of 2,400,000 unlisted share options current financial year amortisation value $33,836.

[6] Issue of 1,950,845 unlisted share options current financial year amortisation value $46,009.

[7] Reflects period as key management personnel from 14 January 2019 to 31 July 2019.

[8] Issue of 941,389 unlisted share options current financial year amortisation value $28,967.

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

	Fixed remuneration		Remuneration linked to performance	
	2019	2018	2019	2018
Non-Executive Directors				
Mr Mark Stewart	100%	100%	0%	0%
Mr Martin Janes	100%	-	0%	-
Mr Kenneth Williams	100%	100%	0%	0%
Executive Officers				
Dr Christopher Giles	84%	100%	16%	0%
Mr Walter Richards	89%	100%	11%	0%
Mr Richard Buckley	90%	-	10%	-

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

Bonuses and share-based payments granted as remuneration for the current financial year

Performance Rights and Share Option Plan

The Board of Directors adopted a Performance Rights and Share Option Plan ('Plan') during the financial year ended 31 July 2019.

The purposes of the Plan are to:

a) Provide incentive to eligible executives and employees by enabling them to participate in the profits and financial performance of the Company;
b) Attract, motivate and retain eligible executives and employees; and
c) Align the interests of eligible executives and employees more closely with shareholders in the Company and provide greater incentive for the eligible executives and employees to focus on longer-term goals of the Company.

The Plan is open to all employees but excludes Directors of the Company.
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 share option. The share options carry

neither dividend or voting rights. Share options may be exercised at any time from the date of vesting to the date of their expiry.

The share options granted expire within the option period set by the Board of Directors at its discretion. Share options expire one month after the resignation of the Director or employee but this condition can be waived at the discretion of the Board of Directors.

The number of share options granted to employees is set by the Board of Directors at its discretion but consideration is given to employment contract terms and/or the satisfaction of performance criteria set out in the Company's short-term incentive plan.

The Company's short-term incentive plan 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 any short-term incentive plan bonus can be satisfied in cash or share options, subject to the discretion of the Board of Directors.

The performance 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.

During the financial year ended 31 July 2019, the Havilah Board of Directors approved the issue of unlisted share options to employees under the Performance Rights and Share Option Plan. Share options were issued in satisfaction of contractual employment conditions and short-term incentive plan awards. Refer to Note 34 to the consolidated financial statements for further details.

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	Current date fair value	Exercise price	Expiry date	Vesting date
Non-Executive Directors					
Mr Mark Stewart	11 December 2017	$0.06	$0.40	12 December 2020	100% vested
Mr Kenneth Williams	9 December 2015	$0.12	$0.36	15 December 2018	Expired
Executive Officers					
Dr Christopher Giles	9 December 2015	$0.11	$0.36	15 December 2018	Expired
Dr Christopher Giles	12 December 2018	$0.03	$0.36	12 December 2021	12 June 2020
Mr Walter Richards	26 June 2019	$0.05	$0.22	11 July 2023	25% vested 25% 11 July 2020 25% 11 July 2021 25% 11 July 2022
Mr Walter Richards	26 June 2019	$0.05	$0.28	11 July 2023	50% vested 25% 11 July 2020 25% 11 July 2021
Mr Richard Buckley	26 June 2019	$0.05	$0.22	11 July 2023	25% vested 25% 11 July 2020 25% 11 July 2021 25% 11 July 2022
Mr Richard Buckley	26 June 2019	$0.05	$0.28	11 July 2023	50% vested 25% 11 July 2020 25% 11 July 2021

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 remuneration to key management personnel during the current financial year:

Name	Number granted	Number vested	% of grant vested	% of grant forfeited
Dr Christopher Giles	2,400,000	-	-	-
Mr Walter Richards	600,845	300,423	50%	-
Mr Walter Richards	1,350,000	337,500	25%	-
Mr Richard Buckley	791,389	395,695	50%	-
Mr Richard Buckley	150,000	37,500	25%	-

Details of share-based payments granted as remuneration to Company Secretaries during the current financial year:

Name	Number granted	Number vested	% of grant vested	% of grant forfeited
Ms Claire Redman	248,761	124,381	50%	-
Ms Claire Redman	132,798	33,200	25%	-
Mr Simon Gray	40,000	10,000	25%	-

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

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

Name	Financial year in which the share options were granted	Number of share options lapsed during the current financial year
Dr Christopher Giles	2016	2,400,000
Mr Kenneth Williams	2016	600,000

Value of share options – basis of calculation:

- The value of share options granted during the financial year is calculated as at the grant date using a binomial option pricing model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date; and
- Value of share options lapsed at the lapse date is calculated by multiplying the grant date value of the share options by the number of share options lapsed during the financial year.

The total value of share options included in remuneration 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 remuneration 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 to the base remuneration of any of the key management personnel.

Non-Executive Directors

Mr Mark Stewart

Contract:	Non-Executive Director.
Duration:	No expiration.
Period of Notice:	None.
Termination Payments:	None.
Remuneration:	$50,000 as Non-Executive Director and $15,000 as Chairman of the Audit and Risk Committee. Total $65,000 (2018: $59,361) per annum, exclusive of statutory superannuation. $97,717 (2018: $nil) per annum, exclusive of statutory superannuation as Chairman of the Board (effective 12 December 2018).

Mr Martin Janes

Contract:	Non-Executive Director.
Duration:	No expiration.
Period of Notice:	None.
Termination Payments:	None.
Remuneration:	$50,000 as Non-Executive Director and $15,000 as Chairman of the Audit and Risk Committee (effective 2 January 2019). Total $65,000 (2018: $nil) per annum, exclusive of statutory superannuation.

Executive Officers

Dr Christopher Giles

Contract:	Consulting service agreement.
Duration:	Expired 31 July 2019.
Period of Notice:	1 month notice in accordance with Consulting Agreement.
Termination Payments:	None applicable.
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.

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 (2018: $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 of Directors.
Remuneration – Long-term incentive:	Eligible to participate in any long-term incentive plan that the Company may introduce.

Mr Richard Buckley

Contract:	Employment agreement.
Duration:	No fixed term.
Period of Notice:	5 weeks.
Termination Payments:	Payment in lieu of notice.
Remuneration – Base Salary:	$250,000 (2018: $250,000) per annum, exclusive of statutory superannuation.
Remuneration – Share Options at Commencement:	450,000 share options which were granted on 11 July 2019 and expire after 4 years.
Remuneration – Short-term incentive:	Up to 30% of the Base Salary, payable at the discretion of the Board of Directors.
Remuneration – Long-term incentive:	Eligible to participate in any long-term incentive plan that the Company may introduce.

All termination payments are subject to the limits prescribed under Section 200B of the *Corporations Act 2001*.

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 2018	Granted as remuneration	Received on exercise of share options	Net other change [1]	Balance at 31 July 2019	Balance held nominally [2]
Non-Executive Directors						
Mr Mark Stewart	105,000	-	-	-	105,000	-
Mr Martin Janes	-	-	-	200,000	200,000	-
Mr Kenneth Williams	636,980	-	-	-	n/a [3]	-
Executive Officers						
Dr Christopher Giles	41,945,674	-	-	-	41,945,674	-
Mr Walter Richards	409,907	-	-	-	409,907	-
Mr Richard Buckley	n/a [4]			100,000	100,000	-

[1] Represents ordinary shares purchased on market, participant in rights issue, or listed share 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 they are not the beneficial owner.

[3] Mr Williams resigned as a Director on 3 January 2019.

[4] Mr Buckley became key management personnel on 14 January 2019.

Share options (listed and unlisted) of Havilah Resources Limited

Name	Balance at 31 July 2018	Granted as remuneration	Exercised	Net other change [1]	Balance at 31 July 2019	Balance vested at 31 July 2019	Vested but not exercisable	Vested and exercisable	Options vested during year
Non-Executive Directors									
Mr Mark Stewart	650,000	-	-	(50,000)	600,000	600,000	-	600,000	-
Mr Martin Janes	n/a [2]	-	-	-	-	-	-	-	-
Mr Kenneth Williams	639,811	-	-	(600,000)	n/a [3]	n/a [3]	-	-	-
Executive Officers									
Dr Christopher Giles	2,910,784	2,400,000	-	(2,188,718)	3,122,066	722,066	-	722,066	-
Mr Walter Richards	2,500	1,950,845	-	-	1,953,345	640,423	-	640,423	637,923
Mr Richard Buckley	n/a [4]	941,389	-	-	941,389	433,195	-	433,195	433,195

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

[2] Mr Janes became a Director on 3 January 2019.

[3] Mr Williams resigned as a Director on 3 January 2019.

[4] Mr Buckley became key management personnel on 14 January 2019.

All share options issued to key management personnel during the year (excluding Directors) were made in accordance with the provisions of the relevant employees share option plan. All share options issued to Directors during the financial year were made pursuant to approval by shareholders at the AGM.

During the financial year, no share options were exercised by key management personnel.

Further details of the employee share option plans and of share options granted during the current and prior financial years are disclosed in Note 34 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 and their related entities or parties transacted with the Group.

During the financial year, the Group paid the following amounts as a result of transactions with key management personnel and related entities/parties (excluding amounts paid as remuneration to Directors which are addressed elsewhere in this Remuneration Report):

- $151,000 (2018: $64,000) for legal services provided by a company (Arion Legal) which is a related party of Mr Mark Stewart;
- $20,000 (2018: $nil) for advisory services to a related entity (Balmoral Consulting) controlled by a former Director (Mr Kenneth Williams);
- $11,000 (2018: $26,000) for accounting services to a company (ITABA) controlled by a related party of Mr Walter Richards;
- $9,000 (2018: $40,000) for marketing and public relations support to a related party (William Giles) of Dr Christopher Giles; and
- $3,000 (2018: $nil) for marketing and public relations services to a company (Filtrd) controlled by a related party of Dr Christopher Giles.

All payments were made under normal commercial terms and conditions.

The Group also sold gold nugget inventory for $30,000 (2018: $nil) to Dr Christopher Giles on terms and conditions equivalent to those offered to an arms' length purchaser during the financial year ended 31 July 2019.

Profit for the financial year included the following items of revenue and expense that resulted from transactions, other than remuneration, loans or equity holdings, with key management personnel or their related entities:

	Year ended 31 July 2019 $
Other income	30,000

DIRECTORS' REPORT

Consolidated loss includes the following expenses arising from transactions with key management personnel of the group or their related parties/entities:

	Year ended 31 July 2019 $
Administration expenses	170,000
Revision of carrying amount of financial assets	21,000

Total assets arising from transactions other than loans and amounts receivable in relation to equity instruments with key management personnel or their related parties/entities:

	31 July 2019 $
Current	-
Non-current	9,000

Total liabilities arising from transactions other than remuneration with key management personnel or their related parties/entities:

	31 July 2019 $
Current	44,000
Non-current	-

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

On behalf of the Board of Directors:

Dr Christopher Giles
Executive Director

Mr Simon Gray
Executive Director

31 October 2019

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 July 2019

	Note	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
Continuing operations			
Revenue and other income			
Sales revenue associated with gold inventory		652	-
Royalty revenue		191	60
Other income	5(a)	62	51
Gain on divestment of subsidiary	7(b)	-	5,625
Gain on sale of property, plant and equipment		-	9
Expenses			
Revision of carrying value of financial assets	7(a)	(2,048)	33
Administration expenses		(1,919)	(825)
Exploration and evaluation expenditure impaired	14	(1,133)	(491)
Employee benefit expenses	5(b)	(770)	(761)
Finance costs		(688)	(213)
Movement in inventory		(604)	-
Share-based payments expense	5(c)	(590)	(35)
Corporate costs		(192)	(203)
Directors' fees		(179)	(180)
Depreciation and amortisation	15	(120)	(187)
Government R&D grant derecognised		-	(141)
(Loss)/ profit before income tax		(7,338)	2,742
Tax expense	8(a)	-	(963)
(Loss)/ profit for the financial year from continuing operations		(7,338)	1,779
Discontinued operations			
Profit/ (loss) for the financial year from discontinued operations	7	-	(4,769)
Loss for the financial year attributable to equity holders of the Company		(7,338)	(2,990)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the financial year attributable to equity holders of the Company		(7,338)	(2,990)
Loss per ordinary share attributable to equity holders of the Company (from continuing and discontinued operations)			
Basic and diluted loss per ordinary share (shown in cents)	30	(3.36)	(1.43)

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

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position
As at 31 July 2019

	Note	31 July 2019 $'000	31 July 2018 $'000
Current Assets			
Cash and cash equivalents	9	3,820	1,847
Inventory	10	-	571
Trade and other receivables	11	46	144
Other financial assets	12	-	3,182
Other current assets	13	122	156
Total Current Assets		**3,988**	**5,900**
Non-Current Assets			
Exploration and evaluation expenditure	14	35,524	32,984
Property, plant and equipment	15	2,841	2,973
Other financial assets	16	2,705	7,533
Total Non-Current Assets		**41,070**	**43,489**
Total Assets		**45,058**	**49,389**
Current Liabilities			
Trade and other payables	17	764	866
Borrowings	18	2,632	171
Provisions	19	616	723
Other financial liabilities	20	885	1,363
Deferred income	21	1,140	508
Total Current Liabilities		**6,037**	**3,631**
Non-Current Liabilities			
Provisions	22	10	-
Deferred income	23	676	676
Total Non-Current Liabilities		**686**	**676**
Total Liabilities		**6,723**	**4,307**
Net Assets		**38,335**	**45,083**
Equity			
Contributed equity	24	71,675	71,675
Reserves	25	(1,918)	(2,086)
Accumulated losses		(31,422)	(24,506)
Total Equity		**38,335**	**45,083**

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

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 July 2019

	Contributed equity $'000	Buy-out reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 August 2017	65,072	(2,600)	759	(21,854)	41,378
Loss for the financial year	-	-	-	(2,990)	(2,990)
Total comprehensive loss 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 share 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**
Loss for the financial year	-	-	-	(7,338)	(7,338)
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(7,338)**	**(7,338)**
Issue of 5,000,000 unlisted share options to Investec	-	-	243	-	243
Issue of 2,500,000 unlisted share options to Investec	-	-	133	-	133
Issue of 6,819,255 unlisted share options to employees	-	-	180	-	180
Issue of 2,400,000 unlisted share options to Directors	-	-	34	-	34
Unlisted share options lapsed	-	-	(422)	422	-
Balance as at 31 July 2019	**71,675**	**(2,600)**	**682**	**(31,422)**	**38,335**

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 2019

	Note	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
Cash flow from operating activities			
Receipts from customers		191	4,811
Miscellaneous receipts		194	66
Payments to suppliers and employees		(1,970)	(7,489)
Interest and other costs of finance paid		(241)	(167)
Net cash flows used in operating activities	33(a)	(1,826)	(2,779)
Cash flow from investing activities			
Interest received		10	16
Refund of security deposit		-	3
Payments for exploration and evaluation		(3,737)	(3,058)
Payments for property, plant and equipment		(91)	(229)
Proceeds from sale of subsidiary		6,000	1,000
Permitting costs pursuant to contract of sale of subsidiary		(468)	(288)
Net cash flows provided by/ (used in) investing activities		1,714	(2,556)
Cash flow from financing activities			
Proceeds from issue of ordinary shares		-	6,656
Payments for ordinary share issue costs		-	(165)
Proceeds from borrowings		2,500	-
Payment for borrowing costs		(262)	-
Repayment of borrowings		(153)	(197)
Net cash flow provided by financing activities		2,085	6,294
Net increase in cash and cash equivalents		1,973	959
Cash and cash equivalents at beginning of financial year		1,847	888
Cash and cash equivalents at end of financial year	33(b)	3,820	1,847

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

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*, Australian Accounting Standards 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 purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis of Preparation

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

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value 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 reporting 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

Accounting estimates, assumptions and/or judgements made by the Board of Directors and management in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements were:

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether 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 Mineral 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.

The loss allowance for a financial asset is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on its assessment of available external credit ratings, historical loss rates and/or days past due.

Ore reserve and resource elements

The Group estimates its Ore Reserves and Mineral Resources based on information compiled by Competent Persons (as defined in the JORC code). Ore Reserves and Mineral Resources determined in this way are taken into account in the calculation of impairment.

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, exchange rates, operating costs, rehabilitation costs and capital expenditures.

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

a. 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.

b. 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 outflows.

c. Exploration and Evaluation Expenditure

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

- The rights to tenure of the area of interest are current; and
- 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, as an intangible, 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 prior 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.

d. 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: available-for-sale financial assets; and loans and receivables. The classification depends on the nature and purpose of the financial assets and its determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares 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 profit or loss for the reporting period ('FVTPL'). Fair value has been determined based on quoted market prices.

Trade and other receivables

Receivables, which normally have 30-day terms, are generally non-interest-bearing amounts. They are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised initially at fair value. The Group holds receivables with the objective to collect the contractual cash flows. They are presented as current assets unless collection is not expected for more than 12 months after reporting date. For receivables expected to be settled within 12 months, these are subsequently measured at amortised cost using the effective interest method, less any loss allowance. For receivables expected to be settled later than 12 months, these are subsequently measured at amortised cost based on discounted cash flows using an effective interest rate, less any loss allowance. Cash flows relating to non-current receivables are not discounted if the effect of discounting would be immaterial.

Impairment of financial assets

The Group has applied the AASB 9 'Financial Instruments' general model approach to measuring expected credit losses for all financial assets.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9 'Financial Instruments', the identified impairment loss was considered not significant given the counterparties and/or the short maturity.

When required, the carrying amount of the relevant financial asset is reduced through the use of a loss allowance account and the amount of any loss is recognised in the statement of profit or loss and other comprehensive income. When measuring expected credit losses, balances are reviewed based on available external credit ratings, historical loss rates and/or the days past due.

e. 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 allocation interest expense over the relevant reporting 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.

f. Goods and Services Tax (GST)

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.

g. 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 R&D Incentive scheme are treated as Government grants.

h. 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.

i. Impairment of Assets (other than exploration and evaluation; financial assets)

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 guarantee cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

j. 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 reporting period. 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 other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is disclosed 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.

k. 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.

l. 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.

m. 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(o)).

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.

n. 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 unit-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.

o. 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 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.

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 the 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.

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

p. 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 through its power to direct the activities of the subsidiary.

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.

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.

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.

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. 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 the applicable Australian Accounting Standards).

q. 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 obligations 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 reimbursements 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 using the asset. Rehabilitation provisions arising in respect of exploration and evaluation activities are capitalised into the cost of exploration expenditure in accordance with Note 1(c).

r. Revenue Recognition

Sales revenue

Revenue from sales of refined metals is recognised when the performance obligations are considered met, which is when control of the products or services provided are transferred to the customer. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

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.

s. 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 binomial option pricing method. The expected life used in the model has been adjusted, based on management's best estimates, 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 Australian Accounting Standards

The Group has applied certain new or revised Australian Accounting Standards and Interpretations for the first time for the financial year ended year ended 31 July 2019:

- AASB 9 'Financial Instruments', and the relevant amending standards
- AASB 15 'Revenue from Contracts with Customers'
- AASB 2016-8 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'

The adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' has resulted in changes in the Group's accounting policies for revenue (see Note 1(r)) and financial assets (see Note 1(d)); and disclosures on significant judgement (see Note 1). The main change for the Group from AASB 9 relates to a new model for the credit loss measurement of financial assets, a hybrid of expected and incurred loss (referred to as the 'expected credit loss' model). The core principle in AASB 15 requires 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.

The initial adoption of each of the above Australian Accounting Standards and Interpretations has not had a material impact on the amounts reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

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

- 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 has assessed the impact of AASB 16 and the change will not have a material impact. The Group has not adopted the new standard before its operative date, which means that it would first be applied during the financial year ending 31 July 2020. The Group expects to apply the simplified transition approach available under AASB 16 and will therefore not be required to restate comparative amounts for the financial year prior to first adoption. Right-of-use assets for non-cancellable operating lease commitments will be measured at the amount of the lease liability on transition. In applying the new standard for the first time, the Group intends to use the transition practical expedients permitted by AASB 16. The Group will also elect under AASB 16 not to apply the new standard to contracts that were not identified as containing a lease under AASB 117 and AASB Interpretation 4 'Determining whether an Arrangement contains a Lease'. As at 1 August 2019, the Group expects to recognise right-of-use assets of $0.500 million and a corresponding lease liability of $0.500 million. The Group estimates that there will be no change in accumulated losses as a result of applying AASB 16 from 1 August 2019. The depreciation of the right-of-use assets and interest on the lease liability will be recognised in the consolidated statement of profit or loss and other comprehensive income during the financial year ending 31 July 2020.

- AASB 2019-1 'Amendments to Australian Accounting Standards – References to the Conceptual Framework'

The AASB has issued the International Accounting Standards Board's revised Conceptual Framework for Financial Reporting ('revised Conceptual Framework') and made consequential amendments to various Australian Accounting Standards (AASB 2019-1). As the Group states compliance with IFRS, during the financial year it needed to consider whether it previously relied on the current Conceptual Framework. The Group confirms that it has not relied on the current Conceptual Framework in determining accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards. As such, it believes it will not need to apply the revised Conceptual Framework at this time. The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020, but is available for early adoption. The Group has not adopted it before its operative date, which means that it would first be applied during the financial year ending 31 July 2021.

There are no other new or revised Australian Accounting Standards or Interpretations 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 financial report.

For the financial year ended 31 July 2019 the Group incurred a loss of $7.338 million (31 July 2018: loss $2.990 million), had net cash outflows from operating activities of $1.826 million (31 July 2018: outflow $2.779 million) and net cash inflows from investing activities of $1.714 million (31 July 2018: outflows $2.556 million). As at 31 July 2019, the Group had a net current asset deficiency of $2.050 million (31 July 2018: surplus $2.269 million) and cash and cash equivalents of $3.820 million (31 July 2018: $1.847 million).

As at 29 October 2019, the Group had cash and cash equivalents of $0.160 million.

Subsequent to 31 July 2019, the Group defaulted under the terms of its loan ('standby debt facility') with Investec. This event, coupled with rejection of the SIMEC proposal at an EGM on 12 September 2019 and the lack of an immediate cash injection, resulted in Investec requiring repayment of the $2.500 million loan ahead of the original loan maturity date of 4 December 2019. A modified repayment plan was agreed with Investec such that the Group repaid $1.000 million of the loan on 30 September 2019 and a further $0.500 million on 15 October 2019. The balance of $1.000 million has been agreed to be repaid by 4 December 2019 and cannot be called earlier unless there is a subsequent default under the standby debt facility. The Group is dependent on the support of Investec for this repayment plan.

On 17 October 2019, the Group announced a 1 for 4 pro-rata non-renounceable rights issue to raise $5.457 million before costs. Costs are estimated at $0.160 million. The entitlement offer opened on 25 October 2019 and closes on 11 November 2019 (unless extended), with new ordinary shares to be allotted on 18 November 2019. The proceeds from the rights issue will be available for use subsequent to the allotment of the new ordinary shares.

Two of the Group's major shareholders have indicated that they plan to take up their full entitlement of $0.728 million and in addition have provided a non-binding undertaking of their intention to subscribe for up to $3.000 million worth of Shortfall Shares should they be available.

On 14 October 2019, the Group entered a conditional loan agreement with HNC Holdings Pty Ltd ('HNC') a major shareholder in the Company. The key terms of the loan agreement are:

- Loan amount $0.500 million;
- Interest rate of 8% per annum;
- Interest is payable monthly in arrears;
- Security over the shares owned by the Company in Iron Genesis Pty Limited;
- The loan can be drawn down at the lender's discretion from 14 October 2019 to 31 January 2020; and
- Repayment date is at the discretion of the lender but not more than six months after the date the loan is provided.

The Directors have prepared a cash flow forecast which indicates that the ability of the Group to continue as a going concern is dependent upon:

- Drawing down either the HNC facility (refer Note 38) or the National Australia Bank facility (refer Note 18) prior to the allotment of shares under the rights issue on 18 November 2019;
- Raising a minimum $1.300 million in November 2019 from the proceeds from the rights issue;
- Raising the balance of the $5.456 million under the rights issue to enable the repayment of the draw downs under the HNC or National Australia Bank facilities and to fund costs through to 31 October 2020;
- The continued financial support of the Group's lenders, being Investec and National Australia Bank until the loans are repaid.

In the event there is a shortfall in the rights issue, the Group will be required to implement one or more of the following:

- farming out all or part of its assets;
- selling interests in the Group's assets;
- relinquishing or disposing of rights and interests in certain assets.

The Directors are satisfied that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate.

In the event that the Group is unsuccessful in achieving the matters listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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 senior management (the chief business decision makers) in monitoring and assessing performance and in determining the allocation of resources.

The Group's Exploration & Development business unit and Corporate business unit are each treated as individual operating segments. The Group no longer reports Royalty Portfolio as a separate segment as it is no longer material to the Group. Relevant revenue and expenses are now reported within the Corporate business unit segment.

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

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:

31 July 2019	Exploration & development $'000	Corporate $'000	Total $'000
Segment revenue	-	905	905
LBITDA	(1,133)	(5,741)	(6,874)
Impairment of capitalised exploration expenditure included in LBITDA	(1,133)	-	(1,133)
Revision of carrying value of financial assets included in LBITDA [1]	-	(2,048)	(2,048)
Depreciation and amortisation	(90)	(30)	(120)
Additions to property, plant & equipment	1	-	1
Total assets	38,312	6,746	45,058
Total liabilities	857	5,866	6,723

[1] See Note 7 for further details

31 July 2018	Royalty portfolio $'000	Exploration & development $'000	Corporate $'000	Total $'000
Segment revenue	60	-	-	60
EBITDA/ (LBITDA)	60	(491)	3,557	3,126
Impairment of capitalised exploration expenditure included in LBITDA	-	(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

c) Segment reconciliation

	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
Reconciliation of (loss)/ profit before income tax		
(LBITDA)/ EBITDA	(6,874)	3,126
Depreciation and amortisation expense	(120)	(187)
Interest income – bank term deposits	10	16
Interest expense	(355)	(131)
Other	-	(82)
(Loss)/ profit before income tax (continuing operations)	(7,338)	2,742

5. Profit/ (Loss) from Continuing Operations

	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
a) Profit/ (loss) before income tax includes the following specific revenues from continuing operations:		
Other income		
Government grants received	34	34
Diesel fuel rebates received	18	-
Interest income – bank term deposits	10	16
Sundry income	-	1
Total other income	62	51

b) Profit/ (loss) before income tax has been arrived at after charging the following specific expenses from continuing operations:		
Employee benefits expense:		
Post-employment benefits:		
Defined contribution superannuation plans	292	219
Other employee and contractor benefits	2,567	2,012
	2,859	**2,231**
Less amounts capitalised	(1,890)	(1,470)
Less amounts included in impairment loss on other financial assets	(199)	-
Total employee benefit expenses [1]	**770**	**761**
c) Profit/ (loss) before income tax has been arrived at after charging the following specific expenses from continuing operations:		
Share-based payment expense:		
Share-based payment expense – Investec	376	-
Share-based payment expense – employees	180	-
Share-based payment expense – Directors	34	35
Total share-based payment expenses [2]	**590**	**35**

[1] This represents employee expenses not capitalised as part of exploration and evaluation or disclosed in COGS or impairment loss.
[2] Equity-settled share-based payment 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.

6. Government R&D Grant Derecognised

Industry Science Australia carried out a review of the Group's R&D projects registered for the income tax years ended 31 July 2013 and 31 July 2014. Certain registered activities for both income tax 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. The Group has lodged an appeal to the Administrative Appeals Tribunal against the decisions, and is awaiting the outcome of a hearing on this matter which concluded during June 2019. While the Group believes the R&D claims are valid, a decision was made to amend prior year income tax returns and recognise a liability of $1.385 million comprising:

- FY13 and FY14 R&D claims $1.019 million;
- Interest $0.111 million; and
- Penalties $0.255 million.

During November 2018, the Group negotiated a payment plan with the ATO. As at 31 July 2019, $0.500 million has been repaid in line with the payment plan, leaving a balance outstanding of $0.885 million. The remaining balance is due to be paid in monthly instalments of $0.100 million through to March 2020, with a final payment of $0.185 million due during April 2020.

7. Divestment of a Subsidiary

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

The resulting disposal of the Benagerie Mining Lease and associated assets is consistent with Havilah's objective to focus more attention on the advancement and ultimate development of the Mutooroo and Kalkaroo projects.

a) Revision of carrying amount of other financial assets during financial year ended 31 July 2019

On 8 April 2019, the Group announced to the ASX that it had agreed to revised transaction terms with Consolidated Mining and Civil Pty Ltd ('CMC') and its a wholly owned subsidiary Benagerie Gold and Copper Pty Ltd ('BGC') for the divestment.

The key commercial points of the revised transaction terms with respect to the divestment of North Portia are as follows:

- First payment of $1.000 million was made during July 2018 when the transaction closed. *Original agreement: no change.*

- Second payment of $2.000 million made on 5 April 2019 following the execution of the Heads of Agreement ('HOA') for the revised terms. *Original agreement: Second payment of $3.5 million upon the Group's completion of the required permitting allowing the mining of overburden at North Portia and the subsequent processing of the oxide gold component of the resource.*

- Third payment of $4.000 million made on 23 May 2019 within 30 days of the execution of the HOA. *Original agreement: Third payment of $3.5 million with the Group's completion of the permitting, which allows for the mining and processing of the supergene sulphide copper-cobalt-gold at North Portia.*

- Final payment of $3.800 million payable once the first $3.500 million of production revenue from the North Portia project is achieved. *Original agreement: Final payment of $5.5 million, 12 months after the second payment.*

- The Group has no further permitting obligations with respect to the ML. *Original agreement: the Group retained the responsibility to deliver the required permitting for the project.*

- CMC continues to fund 100% of the Portia rehabilitation bond which released the Group's $1.200 million in bank guarantee obligations. *Original agreement: No change.*

- Total divestment price of $10.800 million. *Original agreement: $13.500 million.*

- 1.5% Net Smelter Return ('NSR') royalty on all commodity sales from the ML. *Original agreement: 2% NSR royalty.*
- Revised agreement eliminates the increased NSR royalty (3.25%) on copper metal sales, after more than 101,400 tonnes of copper metal have been produced and sold from the ML.
- Revised agreement eliminates 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.

The carrying amounts of the final payment has been adjusted to reflect the revised transaction terms, resulting in a downward revision in the carrying value of the outstanding receivable by $2.048 million to $2.596 million.

b) Disclosures in annual financial report for the financial year ended 31 July 2018

Details of assets and liabilities disposed of and calculation of profit or loss on disposal

	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	(718)
Total	**10,902**
b) Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	1,506
Exploration expenditure	3,771
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 receivable	
Current	3,182
Non-current	7,438
Total	**10,620**

[1] $12.500 million progress payments receivable as per the original divestment agreement were discounted to net present value in accordance with Australian Accounting Standards

Analysis of profit/ (loss) and cash flows for the financial year ended 31 July 2018 from discontinued operations

	Year ended 31 July 2018 $'000
Profit/ (loss) for the financial year from discontinued operations	
Revenue	4,751
Amortisation of R&D income	344
Government R&D grant derecognised[1]	(677)
	4,428
Depreciation and amortisation	(4,802)
Cost of goods sold	(5,248)
Loss before tax	(5,622)
Attributable tax income	853
Loss for the year from discontinued operations	(4,769)
Gain on disposal of subsidiary	5,625
Attributable income tax expense	(1,688)
Loss for the year from discontinued operations	(832)

[1] See Note 6 for further details

	Year ended 31 July 2018 $'000
Cash flows from discontinued operations	
Net cash outflows from operating activities	(1,908)
Net cash outflows from investing activities	(117)
Net cash outflows	(2,025)

8. Income Tax Related to Continuing Operations

	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'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:		
(Loss)/ profit before income tax for continuing operations	(7,338)	2,742
Prima facie tax payable/ (benefit) on loss before income tax, calculated at the	(2,201)	823

Australia tax rate of 30%		
Share-based payments expense	177	10
Prior financial year capital losses set up	-	(11)
Other	78	71
Revenue tax losses not recognised	2,977	854
Prior over provision	(1,031)	(784)
Tax expense	**-**	**963**

	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
b) Recognised deferred tax assets and (liabilities)		
Deferred tax assets and (liabilities) are attributable to the following:		
Inventory	-	(26)
Exploration and evaluation	(12,368)	(11,602)
Plant and equipment	23	13
Other financial assets	218	223
Capitalised loan costs	-	(3)
Deferred gain on sale	(143)	667
Trade and other payables	-	40
Employee benefit provisions	188	217
Deferred income	188	188
Costs associated with issue of ordinary shares	68	114
Total	**(11,826)**	**(10,170)**
Offset by deferred tax assets relating to operating losses	11,826	10,170
Net deferred tax assets and (liabilities) unrecognised	**-**	**-**
c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Revenue tax losses	9,613	6,918
Capital tax losses	-	-
Total	**9,613**	**6,918**

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 35.

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 2019 $'000	31 July 2018 $'000
Cash at bank	64	542
Cash on deposit	3,756	1,305
Total	**3,820**	**1,847**

10. Inventory

	31 July 2019 $'000	31 July 2018 $'000
Gold in circuit and gold ore at cost	-	571
Total	**-**	**571**

11. Trade and Other Receivables

	31 July 2019 $'000	31 July 2018 $'000
GST recoverable	31	83
Other receivables	15	61
Total	**46**	**144**

12. Other Current Financial Assets

	31 July 2019 $'000	31 July 2018 $'000
Receivable on sale of subsidiary	-	3,182

Current funds receivable from CMC as at 31 July 2018 were received during the financial year ended 31 July 2019.

13. Other Current Assets

	31 July 2019 $'000	31 July 2018 $'000
Prepayments	122	156

14. Exploration and Evaluation Expenditure

	31 July 2019 $'000	31 July 2018 $'000
Cost brought forward	32,984	33,913
Expenditure incurred during the financial year	3,673	3,333
Impairment of capitalised exploration and evaluation expenditure	(1,133)	(491)
Expenditure derecognised on disposal of a subsidiary	-	(3,771)
Total	**35,524**	**32,984**
Intangible	**35,524**	**32,984**

Current and prior financial year expenditure impairment relates to ongoing expenditure to maintain iron ore, uranium and geothermal exploration tenements. A review of the Group's exploration and evaluation tenement portfolio was conducted during the financial year, which resulted in impairments from tenement expiry and/or relinquishment and tenements being held for uranium and geothermal purposes.

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. Active and significant operations 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. Property, Plant and Equipment

	Pastoral lease at cost [2] $'000	Plant and equipment at cost $'000	Equipment under finance lease at cost $'000	Total $'000
Gross carrying amount				
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
Additions	-	1	-	1
Disposals	-	(14)	-	(14)
Transfers	-	55	(55)	-
Balance as at 31 July 2019	2,241	3,954	-	6,195
Accumulated depreciation				
Balance as at 31 July 2017	-	4,995	33	5,028
Depreciation 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
Depreciation expense [1]	-	120	-	120
Eliminated on disposal of assets	-	(1)	-	(1)
Transfers	-	38	(38)	-
Balance as at 31 July 2019	-	3,354	-	3,354
Net book value:				
As at 31 July 2018	2,241	715	17	2,973
As at 31 July 2019	2,241	600	-	2,841

	31 July 2019 $'000	31 July 2018 $'000
[1] Depreciation expense has been allocated as follows:		
Charged to cost of goods sold for discontinued operations	-	4,802
Charged to profit/ (loss) for continuing operations	120	187
Total	120	4,989

[2] The Group has a bank guarantee and overdraft credit facility with National Australia Bank secured by a $1.000 million mortgage over the Kalkaroo Station pastoral lease (classified as 'Pastoral lease at cost' in this Note).

16. Other Non-Current Financial Assets

	31 July 2019 $'000	31 July 2018 $'000
At amortised cost:		
Bank term deposits (refer to Note 29(d))	60	60
Security deposits	15	15
Receivable on sale of subsidiary [1]	2,596	7,438
At fair value:		
Investment in equity instruments designated as at FVTPL:		
Shares in listed entity	34	20
Total	2,705	7,533

[1] The receivable has been discounted from its previous carrying amount of $3.800 million using a rate of 10% and an expected date of receipt of July 2023. See Note 7(a) for further details on the revision of the carrying amount of the non-current receivable from CMC.

17. Trade and Other Payables

	31 July 2019 $'000	31 July 2018 $'000
Trade payables[1]	483	406
Accruals	237	430
Amounts payable to related parties/ entities of Directors [1]	44	30
Total	764	866

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

18. Borrowings

	31 July 2019 $'000	31 July 2018 $'000
Secured:		
Investec loan (standby debt facility)	2,500	-
Unsecured:		
Insurance premium funding	132	171
Total	**2,632**	**171**

During the financial year ended 31 July 2019, the Group established a secured standby debt facility of $6.000 million with Investec. As a result of this transaction, Investec was issued with 7.500 million unlisted share options (see Note 24). Security for the facility consists of the Group's interest in Kalkaroo Copper Pty Ltd and Mutooroo Metals Pty Ltd and the assets of Kalkaroo Copper Pty Ltd and Mutooroo Metals Pty Ltd.

The amount drawn down on the facility as at 31 July 2019 was $2.500 million, with $3.500 million undrawn and unavailable. In the terms of the facility agreement, the Group is obligated to maintain minimum liquidity of $2.000 million. The weighted average effective interest rate on the facility is 14.82% and the facility expires and is due for repayment on 4 December 2019. Refer Note 38 to the consolidated financial statements.

Insurance premium funding is an unsecured fixed interest rate debt with a repayment period not exceeding one year. The effective interest rate is 4.26% (2018: 4.15%).

The Group has access to a $0.500 million secured overdraft facility with the National Australia Bank at a business lending rate of 3.00% plus a customer margin of 2.20%. As at the end of the financial year, the Group has no balance owing on this facility and the full $0.500 million is available for use. The facility expires during January 2020, unless renewed.

The Group also has access to $0.500 million bank guarantee facility provided by the National Australia Bank, of which $0.216 million is currently being utilised to secure bank guarantees for an office lease security deposit and a rehabilitation bond (see Note 29(d)).

19. Current Provisions

	31 July 2019 $'000	31 July 2018 $'000
Employee benefits	616	723

20. Other Current Financial Liabilities

	31 July 2019 $'000	31 July 2018 $'000
Permitting costs payable on divestment of subsidiary [1]	-	344
R&D income amendment [2]	885	1,019
Total	**885**	**1,363**

[1] Liability to incur permitting costs pursuant to the contract of sale of Benagerie Gold Pty Ltd (see Note 7 for further detail).

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

21. Current Deferred Income

	31 July 2019 $'000	31 July 2018 $'000
SIMEC Mining exclusivity payment	1,000	-
SIMEC Mining exploration funding	140	-
Gold nugget sale deposit	-	508
Total	**1,140**	**508**

During the financial year, SIMEC Mining elected to extend the exclusivity period to complete its due diligence on the Group's Maldorky and Grants iron ore projects until 31 March 2019. In accordance with the extension agreement entered into during December 2018, the Group received $1.000 million from SIMEC Mining during February 2019. As the $1.000 million payment will be deducted from any amount payable by SIMEC Mining to the Group under any potential future transaction that may be concluded between the parties during calendar year 2019, this amount has been recorded as deferred income and the revenue impact will be recognised at such time as the 2019 calendar year expires and/or a transaction is completed with SIMEC Mining. Refer Note 38 to the consolidated financial statements.

22. Non-Current Provisions

	31 July 2019 $'000	31 July 2018 $'000
Employee benefits	10	-
Total	**10**	**-**

23. Non-Current Deferred Income

	31 July 2019 $'000	31 July 2018 $'000
Deferred income	676	676

Deferred income relates to Government grants received for exploration.

24. Contributed Equity

	Year ended 31 July 2019		Year ended 31 July 2018	
	'000	$'000	'000	$'000
Balance at beginning of the financial year	218,249	71,675	183,431	65,072
Issue of ordinary shares to Bergen	-	-	6,212	1,161
Issue of ordinary shares to Bergen for commencement fee	-	-	353	103
Issue of unlisted share 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 end of the financial year	**218,249**	**71,675**	**218,249**	**71,675**

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

No ordinary shares were issued during the financial year ended 31 July 2019. As at 31 July 2019 there were 218.249 million listed ordinary shares on issue.

Listed share options

No listed share options were exercised during the financial year. As at 31 July 2019 there were 13.607 million listed share options on issue.

Unlisted share options

During the financial year ended 31 July 2019, the Group established a standby debt facility with Investec that resulted in the issuing of unlisted share options to Investec in two tranches. Tranche 1 was issued upon signing of the facility commitment letter and tranche 2 was issued following the first drawdown from the facility. Both tranches of share options are to be held in escrow until the facility is repaid or cancelled. Expected vesting date used for valuation purposes is 4 December 2019, being the maturity date of the facility. The first tranche was 5.000 million unlisted share options which have an exercise price of $0.234, expire on 1 November 2021 and have been valued at $0.319 million. The second tranche issued was 2.500 million unlisted share options which have an exercise price of $0.220, expire on 20 December 2021 and have been valued at $0.174 million. The full value of $0.493 million will be recognised over the expected vesting period, with $0.375 million of share-based payments expense recognised in the financial year ended 31 July 2019.

Dr Christopher Giles was issued with 2.400 million unlisted share options in the financial year ended 31 July 2019, pursuant to a resolution approved by shareholders at the 12 December 2018 AGM. The share options will vest and be able to be exercised:

- During a bid period;
- At any time after a change of control event has occurred;
- If, on an application under Section 411 of the *Corporations Act 2001*, a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company;
- If the Company secures funding via joint venture with a third party or by other means, for the development of one of its projects;
- If the Company sells a mineral project of the Company or an interest therein to a third party (other than a related body corporate or related entity of the Company) for a gross consideration valued at more than $10.000 million; or
- If the Company makes a new discovery or expands an existing discovery, which is defined as at least five holes with potential ore grade intersections.

These share options expire on 12 December 2021, have an exercise price of $0.360 and have been valued at $0.071 million using an estimated vesting date of 12 June 2020.

A total of 3.650 million unlisted share options previously granted to Directors and employees expired during the financial year.

During the financial year, 6.819 million unlisted share options were issued to employees and certain contractors/ service providers (refer Note 34 to the consolidated financial statements). As at 31 July 2019, none of these share options have been exercised.

As at 31 July 2019 there were 18.119 million unlisted share options on issue.

25. Reserves

	31 July 2019 $'000	31 July 2018 $'000
Share-based payments reserve [1]	682	514
Buy-out reserve [2]	(2,600)	(2,600)
Total	**(1,918)**	**(2,086)**

[1] The share-based payments reserve is used to recognise the grant date fair value of share-based payments as described in Note 1(s). Further information about share-based payments to Directors, other key management personnel, employees, contractors and service providers is set out in Note 34 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.

26. Directors and Other Key Management Personnel Remuneration

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

- Mr Mark Stewart (appointed Independent Non-Executive Chairman 12 December 2018 previously an Independent Non-Executive Director) resigned 9 October 2019;
- Mr Martin Janes (Independent Non-Executive Director) appointed 2 January 2019, resigned 9 October 2019;
- Mr Kenneth Williams (Independent Non-Executive Chairman until 12 December 2018 and then Independent Non-Executive Director) resigned 3 January 2019;
- Dr Christopher Giles (Executive Director – Technical Director);
- Mr Walter Richards (Chief Executive Officer, having resigned as Company Secretary effective 1 February 2019) made redundant 2 October 2019; and
- Mr Richard Buckley (Senior Mine Planning Engineer position, elevated effective 14 January 2019).

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

	31 July 2019 $	31 July 2018 $
Short-term employee benefits	809,935	663,318
Post-employment benefits	66,776	46,392
Long-term employee benefits	15,830	-
Share-based payments expense[1]	108,812	34,558
Total	**1,001,353**	**744,267**

[1] 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.

Detailed remuneration disclosure for the key management personnel are provided in the audited Remuneration Report on pages 18 to 19.

27. Remuneration of External Auditor

	31 July 2019 $	31 July 2018 $
Audit and review of financial reports	84,000	79,000

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

28. Related Party Disclosures

a. Subsidiaries

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

Details of the percentage ownership of ordinary shares in subsidiaries are disclosed in Note 35.

b. Directors and other key management personnel remuneration

Details of Directors and other key management personnel remuneration are disclosed in Note 26.

c. Transactions with Directors and related entities

During the financial year ended 31 July 2019 the Group paid the following amounts as a result of transactions with Directors and related entities:

- $151,000 (2018: $64,000) for legal services provided by a company (Arion Legal) which is a related party of Mr Mark Stewart;
- $20,000 (2018: $nil) for advisory services to a related entity (Balmoral Consulting) controlled by a former Havilah Director (Mr Kenneth Williams);
- $11,000 (2018: $26,000) for accounting services to a company (ITABA) controlled by a related party of Mr Walter Richards;
- $9,000 (2018: $40,000) for marketing and public relations support to a related party (William Giles) of Dr Christopher Giles; and
- $3,000 (2018: $nil) for marketing and public relations services to a company (Filtrd) controlled by a related party of Dr Christopher Giles.

All payments were made under normal terms and conditions.

The Group also sold gold nugget inventory for $30,000 (2018: $nil) to Dr Christopher Giles on terms and conditions equivalent to those offered to an arms' length purchaser during the financial year ended 31 July 2019.

29. 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 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 farm-out arrangements (which are typical of the normal operating activities of the Group), 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 Amalgamated Expenditure Agreement ('AEA') with the DEM. The AEA covers all of the Group's mineral exploration tenements (excluding EL5579, EL5891, EL6014, EL6203, EL6258 and EL6271), 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. As at 31 July 2019, more than $9.000 million has been spent on the relevant mineral exploration tenements so there is no outstanding commitment with respect to the existing AEA. It is the intent of the Group to enter into a new arrangement, subject to agreement with the DEM.

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

	31 July 2019 $'000	31 July 2018 $'000
No later than 1 year	333	369
Later than 1 year but not later than 2 years	58	-
Total	391	369

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-gold-cobalt project, until the total amount paid reaches $7.000 million.

c. Native title

Native title claims exist over all 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 $0.060 million as security for the following unconditional irrevocable bank guarantees:

- 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.

Additionally, the Group has utilised $0.216 million of a non-cash backed National Australia Bank bank guarantee facility as security for 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; and
- A rehabilitation bond issued by Geothermal Resources Pty Ltd for $0.100 million to the Minister for Mineral Resource Development.

e. Operating Lease Rental Commitments

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

	31 July 2019 $'000	31 July 2018 $'000
No later than 1 year	194	196
Later than 1 year but not later than 5 years	534	734
Total	**728**	**930**

30. Earnings per Share

	31 July 2019 cents	31 July 2018 cents
Basic loss per ordinary share – from continuing and discontinued operations	(3.36)	(1.43)
Diluted loss per ordinary share – from continuing and discontinued operations[1]	(3.36)	(1.43)

[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 purpose 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 2019 $'000	31 July 2018 $'000
Loss for the financial year attributable to equity holders of the Company	(7,338)	(2,990)

Loss used in the calculation of basic and diluted loss per share agrees 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.

	31 July 2019 $'000	31 July 2018 $'000
Weighted average number of ordinary shares on issue during the financial year used in calculating basic earnings per ordinary share	218,249	209,525

31. Company Status

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

32. 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 18, cash and cash equivalents, and equity attributable to equity holders of the Company, comprising of issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities, that is exploration and evaluation, the Board of Directors believes that the most advantageous way to fund activities is through equity. The Group's activities are monitored to ensure that adequate funds are available.

	Note	31 July 2019 $'000	31 July 2018 $'000
Categories of financial instruments:			
Financial assets			
Cash and cash equivalents	9	3,820	1,847
Trade and other receivables	11	46	144
Bank term deposits	16	60	60
Investment in equity instruments designated as at FVTPL	16	34	20
Security deposits	16	15	15
Other financial assets	12, 16	2,596	10,620
Financial liabilities			
Trade and other payables	17	764	866
Borrowings	18	2,632	171
Other financial liabilities	20, 21	2,025	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 $0.007 million (2018: $0.010 million). This is attributable to interest rates on bank term deposits and balances drawn on standby debt facilities.

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 $0.002 million (2018: $0.001 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 a significant credit risk exposure to CMC, with a gross receivable balance of $3.800 million (2018: $12.500 million). On the basis that there is a low risk of default and CMC has a strong (robust) capacity to meet its obligations, any impairment test of the CMC receivable uses a 12 month expected credit loss model measure. The Group's exposure is secured by a registered charge over ML3646 and the assets of BGC. The credit rating of CMC is monitored on a periodic basis for credit deterioration. The Group does not have any significant credit risk exposure to any other counterparty, other than deposits with the Group's banks. The credit risk on liquid funds is limited because the counterparties are Australian banks with investment grade 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
2019			
Non-interest bearing	-	1,904	-
Fixed interest rate instruments	12.72	3,634	-
2018			
Non-interest bearing	-	1,209	1,019
Fixed interest rate instruments	4.15	178	-

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 their 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).

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

31 July 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment in equity instruments designated as at FVTPL	34	-	-	34
Receivable on sale of subsidiary			2.596	2.596
Total Net Assets	**34**	**-**	**-**	**2,630**

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**	**-**	**-**	**-**

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 July 2019.

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 in included in level 3.

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 2019.

33. Note to the Consolidated Statement of Cash Flows

	Year ended 31 July 2019 $'000	Year ended 31 July 2018 $'000
a) Reconciliation of loss to net cash flows used in operating activities		
Loss for financial year	(7,338)	(2,990)
Revision of carrying amount of other financial assets	2,048	(33)
Impairment of capitalised exploration and evaluation expenditure	1,133	491
Share-based payments expense	590	35
Interest and penalties in R&D income amendment liability	365	-
Payment of borrowing costs	262	-
Amortisation of insurance premium funding	153	197
Depreciation and amortisation expense	120	187
Amortisation of debt establishment costs	56	46
Interest income – bank term deposits	(10)	(16)
COGS – Depreciation and amortisation expense	-	4,801
Deferred R&D income amortised	-	(344)
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	208	(33)
Inventory	571	1,273
Other assets	451	(2)
Deferred tax assets	-	109
Decrease in liabilities:		
Trade and other payables	(77)	(1,384)
Provisions	(358)	(289)
Net cash flows used in operating activities	(1,826)	(2,779)
b) Reconciliation of cash and cash equivalents		
Cash at bank	64	542
Cash on deposit	3,756	1,305
Total	3,820	1,847

Non-cash transactions

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

- The Group obtained insurance premium funding of $0.177 million (2018: $0.228 million).

34. Share-based Payments

The old employee share option plan will terminate once all unlisted options already issued under that plan have expired or have been exercised (whichever occurs first). No share options were issued under this plan during the financial year ended 31 July 2019.

The Group established a new Performance Rights and Share Option Plan which was approved by the Board during March 2019. The Plan is open to all employees but excludes Directors of the Company. In accordance with the provisions of the Plan, the Board of Directors may issue share options to purchase ordinary shares to eligible executives and employees. Each share option is to subscribe for one fully paid ordinary share in the Company. The share options carry neither rights to dividends or voting rights. 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:

- No consideration is payable by the recipient on receipt of share options issued;
- The share options will only be issued following acceptance of a written application by the employee in response to an invitation to participate in the Plan being issued by the Board;
- 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 the issue date or one month from the date the share option holder ceases to be an employee of the Company.

Under the Plan, 6.819 million unlisted share options were issued to eligible executives and employees during the financial year. 3.502 million of the share options had an exercise price of $0.28. 50% of these share options vested immediately, with a further 25% vesting on 11 July 2020 and the remaining 25% to the consolidated financial statements vesting on 11 July 2021. 3.318 million of the share options had an exercise price of $0.22. 25% of these share options vested immediately, with a further 25% vesting on each of 11 July 2020, 11 July 2021 and 11 July 2022. All of the 6.819 million unlisted share options issued will expire on 11 July 2023.

Share options issued to Directors or certain service providers in satisfaction of performance-based awards or contractual obligations are issued pursuant to resolutions being tabled and approved by shareholders at AGMs.

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 plans					
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 26 June 2015	100,000	29 June 2015	1 May 2019	0.38	0.11
Issued 11 July 2019	3,317,651	11 July 2019	11 July 2023	0.22	0.05
Issued 11 July 2019	3,501,604	11 July 2019	11 July 2023	0.28	0.05
Director share options					
Issued 15 December 2015	3,600,000	15 December 2015	15 December 2018	0.36	0.12
Issued 11 December 2017	600,000	11 December 2017	11 December 2020	0.40	0.06
Issued 12 December 2018	2,400,000	12 December 2018	12 December 2021	0.36	0.03
Investec share options					
Tranche 1	5,000,000	1 November 2018	1 November 2021	0.234	0.06
Tranche 2	2,500,000	20 December 2018	20 December 2021	0.22	0.07

The share options issued by Havilah were priced using the binomial option pricing model. Set out below are the inputs used in the model to value share options granted during the financial year:

	1 November 2018	12 December 2018	20 December 2018	11 July 2019
Grant date share price	$0.19	$0.19	$0.19	$0.14
Exercise price	$0.234	$0.36	$0.22	$0.22/$0.28
Expected volatility	73.66%	70.34%	73.66%	64.8%
Share option life	23 months	18 months	24 months	3 years
Dividend yield	-	-	-	-
Risk free interest rate	1.50%	1.50%	1.50%	1.25%

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 2019		Year ended 31 July 2018	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Balance at beginning of the financial year	**4,250,000**	**0.37**	**6,525,000**	**0.33**
Issued during the financial year	16,719,255	0.26	600,000	0.40
Exercised during the financial year	-	-	-	-
Expired during the financial year	(3,650,000)	0.36	(2,875,000)	0.30
Balance at end of the financial year	**17,319,255**	**0.26**	**4,250,000**	**0.37**
Exercisable at end of the financial year	3,180,215	0.29	4,250,000	0.37

Issue Date	Number	Exercise price	Expiry date
11 December 2017	600,000	$0.40	12 December 2020
1 November 2018	5,000,000	$0.234	1 November 2021
12 December 2018	2,400,000	$0.36	12 December 2021
20 December 2018	2,500,000	$0.22	20 December 2021
11 July 2019	3,501,604	$0.28	11 July 2023
11 July 2019	3,317,651	$0.22	11 July 2023
Total	**17,319,255**		

The share options outstanding at the end of the financial year had an average exercise price of $0.26 to the consolidated financial statements (2018: $0.37) and a weighted average remaining contractual life of 1,068 days (2018: 243 days).

35. Composition of the Group

Name	Country of incorporation/ business activities carried on in	Principal activity	Ownership and voting interest held by the Group	
			2019	2018
Parent Company:				
Havilah Resources Limited	Australia	Parent Company and owner of various exploration licences		
Subsidiaries:				
Copper Aura Pty Limited	Australia	Owner of various tenements in the Mutooroo copper-cobalt district	100%	-
Iron Genesis Pty Limited	Australia	Owner of various tenements related to the Group's iron ore assets	100%	-
Havilah Royalties Pty Limited	Australia	Owner of Benagerie Mining Lease royalty	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-gold-cobalt project (3 Mining Leases granted)	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	No current tenements	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, with the exception of Copper Aura Pty Limited and Iron Genesis Pty Limited. Copper Aura Pty Limited and Iron Genesis Pty Limited will become members of the Australian tax-consolidated group going forward.

36. Joint Arrangements

a. Joint venture arrangements

The Group had no joint venture arrangements as at 31 July 2019 (or 31 July 2018).

b. Joint operation arrangements

The Group's interests in joint operation arrangements are as follows:

	Year ended 31 July 2019	Year ended 31 July 2018
Prospect Hill farm-in agreement	Earning up to 85%	Earning up to 85%
Pernatty Lagoon farm-in agreement	Surrendering up to 90%	Surrendering up to 90%

Prospect Hill farm-in agreement with Teale and Associates Pty Ltd and Mr Adrian Mark Brewer

On 26 March 2007 the Group entered into a farm-in agreement with Teale and Associates Pty Ltd and Mr Adrian Mark Brewer relating to exploration on EL5891 (formerly EL4806 and 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 2019 the Group has spent $1.051 million under the above farm-in agreement.

Pernatty Lagoon farm-in agreement with Red Metal Limited ('RDM')

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

Under the farm-in agreement, RDM 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 RDM to secure a 70% interest in the tenement.

RDM met this requirement and secured a 70% interest in the tenement and the Group has elected not to contribute to further exploration expenditure which has diluted the Group's 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 NSR royalty which is determined depending on metal prices.

As at 31 July 2019, RDM had spent $4.660 million under the above farm-in agreement and the Group's interest has been diluted to 12.6%.

37. Parent Company Financial Information

	31 July 2019 $'000	31 July 2018 $'000
Statement of Financial Position		
Current assets	217	5,684
Non-current assets	43,652	43,203
Total assets	**43,869**	**48,887**
Current liabilities	5,777	3,524
Non-current liabilities	398	388
Total liabilities	**6,175**	**3,912**
Net assets	**37,694**	**44,975**
Contributed equity	71,675	71,675
Reserves	682	514
Accumulated losses	(34,663)	(27,214)
Total equity	**37,694**	**44,975**
Loss for the financial year	(7,497)	(1,357)
Other comprehensive income	-	-
Total comprehensive loss	**(7,497)**	**(1,357)**

Commitments for expenditure and contingent liabilities of Parent Company

Exploration expenditure commitments

The exploration expenditure commitments are similar to that of the Group as disclosed in Note 29(a).

Native Title

The circumstances around native title for the Parent Company are similar to that of the Group as disclosed in Note 29(c).

38. Subsequent Events

This Annual Report was authorised for issue by the Board of Directors on 31 October 2019. The Board of Directors has the power to amend and reissue the consolidated financial statements and notes.

Since 31 July 2019, the following material events have occurred:

(a) At the Extraordinary General Meeting of the Company held on 12 September 2019, the resolution for the approval of the proposed investment in Havilah Resources Limited of up to $100 million by SIMEC Mining was not passed by shareholders. In a letter dated 13 September 2019, SIMEC Mining advised that it had terminated the Share Subscription Agreement as it was conditional on shareholders' approval and that SIMEC Mining reserved its rights under the Share Subscription Agreement.

As a result of the above, the Group has restructured its operations to more adequately reflect its business needs;

(b) On 17 October 2019, the Company announced a capital raising by way of a 1 for 4 pro-rata non-renounceable rights issue to eligible shareholders to raise up to $5.457 million (before costs). The maximum number of ordinary shares to be issued is 54,565,835;

(c) The Group entered into a secured short-term $0.5 million conditional loan agreement with a major shareholder in the Company. Refer Note 3 of the consolidated financial statements;

(d) A repayment plan was agreed with Investec, such that the Group repaid $1.000 million of the loan on 30 September 2019 and a further $0.500 million on 15 October 2019. The balance of $1.000 million has been agreed to be repaid by 4 December 2019, and cannot be called earlier unless there is a subsequent default under the Investec standby debt facility. Refer Note 3 of the consolidated financial statements; and

(e) The Group entered into an exploration agreement to explore the Bassanio Iron Oxide Copper Gold target. The exploration agreement was signed with BGC, a wholly owned subsidiary of CMC, during October 2019.

DIRECTORS’ DECLARATION

The Directors’ declare that:

(a) In the Directors’ opinion, the consolidated financial statements and notes, set out on pages 27 to 74, are in accordance with the *Corporations Act 2001*, including:

   (i) Complying with relevant Australian Accounting Standards and the *Corporations Regulations 2001*; and
   (ii) Giving a true and fair view of the Group’s financial position as at 31 July 2019 and of its performance for the financial year ended on that date; and

(b) 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 by the Technical Director and Company Secretary required by Section 295A of the *Corporations Act 2001*.

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

On behalf of the Board of Directors:

Dr Christopher Giles
Executive Director

Mr Simon Gray
Executive Director

31 October 2019

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31 October 2019

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 report of Havilah Resources Limited for the year ended 31 July 2019, 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; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

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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 "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 July 2019, 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 other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 July 2019 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 Group 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 Entity, would be in the same terms if given to the 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.

Material Uncertainty Related to Going Concern

We draw your attention to Note 3 in the financial report which indicates that the Group incurred a net loss of $7,338,000, had a net cash outflow from operating activities of $1,826,000 and had a net current asset deficiency of $2,050,000. As stated in Note 3, these conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern;

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- reviewing and discussing the Group's financing arrangements with its financiers; and
- assessing the adequacy of the disclosure related to going concern in Note 3.

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 of 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 2019 the Group has recognised exploration and evaluation assets of $35,524,000 as disclosed in Note 14. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including: • 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: • Obtaining a schedule of the areas of interest held by the Group 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; • Assessing whether any facts or circumstances existed to suggest impairment testing was required; • Testing on a sample basis, expenditure capitalised during the year for compliance with the recognition and measurement criteria of the relevant accounting standards; and • Testing on a sample basis the impairment recognised during the year of $1,133,000. 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 Group's annual report for the year ended 31 July 2019, 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 Group 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 Group's ability 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 Group or to cease operations, or have 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.

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 Group'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 Group'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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group'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 16 to 26 of the director's report for the year ended 31 July 2019.

In our opinion, the Remuneration Report of Havilah Resources Limited, for the year ended 31 July 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of Havilah Resources Limited 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 2019

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below. The information was applicable for the Company as at 24 October 2019.

Substantial Shareholders

The number of ordinary shares held by substantial shareholders and their associates (who held 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:

	Fully Paid Ordinary Shares	
Shareholder	Number Held	% of Issued Ordinary Shares
Trindal Pty Ltd	41,945,674	19.22
IQ EQ (Jersey) Limited (formerly, First Names (Jersey) Limited) as Trustee for The Ayscough Trust	17,124,335	7.85
Total	**59,070,009**	**27.06**

Twenty Largest Shareholders: Ordinary Shares (ASX: HAV)

The names of the twenty largest shareholders of the Company's ordinary shares are listed below:

		Fully Paid Ordinary Shares	
	Shareholder	Number Held	% of Issued Ordinary Shares
1	Trindal Pty Ltd <The Wilpena A/C>	17,457,718	8.00
2	First Names (Jersey) Limited	12,009,628	5.50
3	Trindal Pty Ltd	11,073,918	5.07
4	Glencopper SA Pty Ltd	10,153,756	4.65
5	Trindal Pty Ltd <Trindal Super Fund A/C>	9,634,599	4.41
6	HSBC Custody Nominees (Australia) Limited	7,285,623	3.34
7	National Nominees Limited <Db A/C>	6,599,908	3.02
8	Mr Paul Clark	6,360,000	2.91
9	J P Morgan Nominees Australia Pty Limited	5,823,349	2.67
10	Woolsthorpe Investments Limited	4,320,342	1.98
11	Mr Brian Kenneth Murphy <Murphy's Super Fund A/C>	3,687,554	1.69
12	Trindal Pty Ltd <Trindal Super Fund A/C>	3,437,357	1.57
13	Citicorp Nominees Pty Limited	2,762,205	1.27
14	HNC Holdings Pty Ltd	2,625,000	1.20
15	Statsmin Nominees Pty Ltd	2,579,705	1.18
16	Miss Krystyna Helena Kasperowicz	2,350,000	1.08
17	Craig Park Pty Ltd	2,010,935	0.92
18	Statsmin Nominees Pty Ltd <Statsmin Super Fund A/C>	1,976,641	0.91
19	Dianne Pearl Investments Pty Ltd <Dianne Pearl Family A/C>	1,935,851	0.89
20	Dr Keith Robert Johnson	1,650,000	0.76
Total		**115,734,089**	**53.02**

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Twenty Largest Optionholders: Listed Options (ASX: HAVOC)

The names of the twenty largest optionholders of the Company's listed options are listed below:

	Shareholder	Number Held	Listed Options % of Listed Options
1	HNC Holdings Pty Ltd	1,250,000	9.20
2	National Nominees Limited <DB A/C>	1,134,160	8.34
3	Mr Graham Rogers + Mrs Meredith Cook <The Gr Super Fund A/C>	695,000	5.11
4	Mr Malcolm John Austin	600,000	4.41
5	Melanto Pty Ltd <The Melanto A/C>	527,500	3.88
6	J P Morgan Nominees Australia Pty Limited	523,136	3.85
7	Arlington Group Asset Management Limited	450,000	3.31
8	Mr Patrick James Opie Booth	399,664	2.94
9	Jetosea Pty Ltd	394,241	2.90
10	Nalje Pty Limited <Gaudion Super Fund A/C>	350,000	2.57
11	Mr Robert Clowes	312,500	2.30
12	Tindindi Cellars Pty Ltd	295,714	2.18
13	Mr Patrick James Booth	270,000	1.99
14	Mr Matthew Ernest Harris	270,000	1.99
15	Trindal Pty Ltd <The Wilpena A/C>	268,400	1.97
16	Alpine Heights (Hotham) Pty Ltd	250,000	1.84
17	Fitfig Pty Ltd <Fitfig Family A/C>	250,000	1.84
18	Trindal Pty Ltd <Trindal Super Fund A/C>	242,782	1.79
19	Mr Brian Kenneth Murphy <Murphy's Super Fund A/C>	230,473	1.70
20	Donaldson's Diesel Service Pty Ltd <Super Fund A/C>	229,793	1.69
Total		**8,943,363**	**65.80**

Distribution of Equity Security Holders:

The number of shareholders ranked by size of holding is set out below:

Size of Holding	Number of Holders	Number of Ordinary Shares on Issue
Less than 1,000	248	74,351
1,001 to 5,000	805	2,386,310
5,001 to 10,000	430	3,325,968
10,001 to 100,000	998	35,932,241
100,001 to 1,000,000	211	53,327,321
More than 1,000,000	26	123,217,147
Total	**2,718**	**218,263,338**

There were 974 shareholders holding less than a marketable parcel of ordinary shares to the value of $500.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

The number of optionholders ranked by size of holding is set out below:

Size of Holding	Number of Holders	Number of Listed Options on Issue
Less than 1,000	180	68,292
1,001 to 5,000	141	400,443
5,001 to 10,000	35	273,117
10,001 to 100,000	78	2,646,653
100,001 to 1,000,000	26	7,819,916
More than 1,000,000	2	2,384,160
Total	**462**	**13,592,581**

Unlisted Equity Securities: Share Options

The following share options over unissued ordinary shares of the Company are not quoted:

	Number of Holders	Number of Unlisted Share Options
Director share options	2	3,000,000
Employee Share Option Plans	19	6,819,258
Investec	1	7,500,000
Total	**22**	**17,319,258**

Voting Rights

(a) Ordinary Shares, Fully Paid
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.

(b) Listed and Unlisted Share Options
No voting rights.

Other Information

The Company was incorporated as a public company on 11 February 1997.

The Company was admitted to the ASX official list and quotation of its ordinary shares commenced on 21 March 2002.

The register of securities is held at Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide, SA 5000.

Tenement No.	Tenement Name	Registered Owner[1]	Tenement Area (sq km)	% Interest
EL5476	Lake Yandra	Havilah	329	100
EL5478	Tarkarooloo	Havilah	26	100
EL5488	Eurinilla	Havilah	70	100
EL5502	Collins Tank	Havilah	29	100
EL5505	Lake Frome	Havilah	106	100
EL5578	Kalabity	Havilah	148	100
EL5579	Sandstone	Havilah	107	100
EL5593	Billeroo West	Havilah	152	100
EL5703	Bundera	Copper Aura	343	100
EL5753	Mutooroo Mine	Copper Aura	23	100
EL5754	Mundi Mundi	Havilah	73	100
EL5755	Bonython Hill	Copper Aura	20	100
EL5760	Bumbarlow	Havilah	999	100
EL5764	Maljanapa	Havilah	996	100
EL5785	Moko	Havilah	795	100
EL5800	Kalkaroo	Havilah	998	100
EL5801	Mutooroo West	Copper Aura	72	100
EL5802	Mulyungarie	Havilah	942	100
EL5803	Telechie North	Havilah	35	100
EL5824	Coolibah Dam	Havilah	47	100
EL5831	Bonython Hill (2)	Copper Aura	111	100
EL5848	Mingary (2)	Iron Genesis	354	100
EL5853	Oratan	Havilah	107	100
EL5873[2]	Benagerie	Havilah	585	100
EL5882	Mutooroo (2)	Copper Aura	64	100
EL5891[3]	Prospect Hill	Teale & Brewer	45	65
EL5903	Border Block	Havilah	32	100
EL5904	Mundaerno Hill	Havilah	58	100
EL5915[2]	Emu Dam	Havilah	345	100
EL5940	Coonarbine	Havilah	619	100
EL5951	Jacks Find	Curnamona	103	100
EL5952	Thurlooka	Curnamona	221	100
EL5956	Wompinie	Havilah	139	100
EL5964	Yalkalpo East	Curnamona	77	100
EL5966	Moolawatana	Curnamona	196	100
EL6014[4]	Pernatty	Red Metal, Havilah	99	12.6
EL6041	Cutana	Iron Genesis	363	100
EL6054	Bindarrah	Iron Genesis	157	100
EL6056	Frome	Curnamona	47	100
EL6099	Lake Carnanto	Havilah	854	100
EL6161	Chocolate Dam	Havilah	59	100
EL6163	Mutooroo South	Copper Aura	151	100
EL6164	Cootabarlow	Havilah	989	100
EL6165	Poverty Lake	Havilah	999	100
EL6194	Bundera Dam	Havilah	58	100
EL6203	Watsons Bore	Havilah	243	100
EL6211	Cochra	Havilah	17	100
EL6258	Kidman Bore	Havilah	201	100
EL6271	Prospect Hill Southwest	Havilah	15	100
EL6280[5]	Mingary	Iron Genesis	229	100
EL6298	Yalkalpo	Curnamona	194	100
EL6323	Lake Charles	Havilah	322	100
EL6355	Olary	Havilah	76	100
EL6356	Lake Namba	Havilah	490	100
EL6357	Swamp Dam	Havilah	53	100
EL6358	Telechie	Havilah	347	100
EL6359	Yalu	Havilah	249	100
EL6360	Woodville Dam	Havilah	64	100
EL6361	Tepco	Iron Genesis	70	100
EL6370	Carnanto	Havilah	836	100
ELA2019/00066	Lucky Hit Bore	Havilah	706	100
ELA2019/00067	Coombs Bore	Havilah	640	100
GEL181	Frome	Geothermal	1305	100

Tenement No.	Tenement Name	Registered Owner[1]	Tenement Area (Ha)	% Interest
ML6498	Kalkaroo	Kalkaroo	497.5	100
ML6499	Kalkaroo	Kalkaroo	974.9	100
ML6500	Kalkaroo	Kalkaroo	138	100
MPL158	Kalkaroo	Kalkaroo	248.8	100
MPL159	Kalkaroo	Kalkaroo	51.68	100
MC3828	Kalkaroo	Kalkaroo	248.3	100
MC4271	Maldorky	Maldorky	249.49	100
MC4272	Maldorky	Maldorky	248.06	100
MC4273	Maldorky	Maldorky	131.95	100
MC4274	Maldorky	Maldorky	116.82	100
MC4364	Maldorky	Maldorky	112.24	100
ML5678	Mutooroo	Havilah	16	100
MC3565	Mutooroo	Mutooroo	100.3	100
MC3566	Mutooroo	Mutooroo	138.2	100

Notes to Tenement Table

Note 1

Havilah:	*Havilah Resources Limited*
Copper Aura:	*Copper Aura Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited*
Curnamona:	*Curnamona Energy Pty Limited, a wholly owned subsidiary of Havilah Resources Limited*
Geothermal:	*Geothermal Resources Pty Limited, a wholly owned subsidiary of Havilah Resources Limited*
Iron Genesis:	*Iron Genesis Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited*
Kalkaroo:	*Kalkaroo Copper Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited*
Maldorky:	*Maldorky Iron Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited*
Mutooroo:	*Mutooroo Metals Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited*
Red Metal:	*Red Metal Limited*
Teale & Brewer:	*Teale and Associates Pty Ltd, Adrian Mark Brewer*

Note 2

1% NSR royalty payable to MMG

Note 3

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

Note 4

Agreement - farm-in to dilute to 10%

Note 5

1.25% NSR royalty payable to Exco Operations (SA) Pty Ltd, Polymetals (White Dam) Pty Ltd

GLOSSARY OF TERMS

AEA	Amalgamated Expenditure Agreement
AGM	Annual General Meeting
ASX	ASX Limited, trading as Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Australian dollars
Bergen	Bergen Global Opportunity Fund II, LLC
BGC	Benagerie Gold and Copper Pty Ltd, a subsidiary of CMC
CMC	Consolidated Mining and Civil Pty Ltd
COGS	cost of goods sold
Company or Parent Company	Havilah Resources Limited
D&A	depreciation and amortisation
DEM	Department for Energy and Mining (South Australia)
LBITDA	Loss before interest, tax, depreciation and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
ELA	Exploration Licence Application
EL	Exploration Licence
FVTPL	fair value through profit and loss
eU308	equivalent uranium oxide
Fe	iron
financial year	financial year ended 31 July 2019
GEL	Geothermal Exploration Licence
Glencore	Glencore International AG
Group	the consolidated entity consisting of Havilah Resources Limited and its subsidiaries
GST	Goods and Services Tax
Ha	hectare
Havilah	Havilah Resources Limited
HOA	Heads of Agreement
IFRS	International Financial Reporting Standards
Investec	Investec Australia Finance Pty Limited
ISD	insufficient data
JORC	Joint Ore Reserves Committee
JORC Code	Australasian Code for reporting of exploration results, Mineral Resources and Ore Reserves
km^2	square kilometre
Koz	thousands ounces
Kt	thousands tonnes
MC	Mineral Claim
ML	Mining Lease
MMG	MMG Limited
MPL	Miscellaneous Purposes Licence
MT	magnetotellurics
Mt	million tonnes
NPV	net present value
NSR	Net Smelter Return
oz	troy ounces
PFS	pre-feasibility study
Plan	Performance Rights and Share Option Plan
R&D	Research and development
RDM	Red Metal Limited
SIMEC Mining	OneSteel Manufacturing Pty Ltd (trading as SIMEC Mining), a member of the GFG Alliance
t	tonne
USD	United States dollar

CORPORATE DIRECTORY

Board of Directors
Mr Victor Previn (Non-Executive Director)
Dr Christopher Giles (Executive Director – Technical Director)
Mr Simon Gray (Executive Director & Company Secretary)

Havilah Contact Details
Havilah Resources Limited
ASX Code: HAV
Registered Office: 164 Fullarton Road, Dulwich, SA 5065
Telephone: +61 8 8155 4500
Website: www.havilah-resources.com.au
Email: info@havilah-resources.com.au
ABN: 39 077 435 520

External Auditor
Deloitte Touche Tohmatsu
11 Waymouth Street, Adelaide, SA 5000

Legal Advisers to the Company
O'Loughlins Lawyers
Level 2, 99 Frome Street, Adelaide, SA 5000

Share Registrar
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide, SA 5000

Sunset over Kalkaroo exploration camp owned by the Group (photograph courtesy of Reece Singleton)