Havilah Resources Limited

A New Mining Force in South Australia

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL HALF-YEAR ENDED
31 JANUARY 2017

Office Holders

Kenneth Williams	Independent Non-Executive Chairman
Christopher Giles	Managing Director
Paul Mertin	Independent Non-Executive Director
Walter Richards	Chief Financial Officer & Company Secretary

Registered and Principal Office

31 Flemington Street Glenside South Australia 5065

telephone: (08) 8338 9292 website: www.havilah-resources.com.au

facsimile: (08) 8338 9293 email: info@havilah-resources.com.au

Share Registrar

Computershare Investor Services Pty Limited (ACN 078 279 277)

Level 5, 115 Grenfell Street Adelaide South Australia 5000

Auditors

Deloitte Touche Tohmatsu

11 Waymouth Street Adelaide South Australia 5000

Solicitors to the Company

Arion Legal

Level 2 136 Greenhill Road Unley South Australia 5061

Stock Exchange Listing

Havilah Resources Limited's (HAV) shares are listed on the Australian Securities Exchange

Forward Looking Statements

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

Although the Company 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 Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company 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.

Contents

Directors' Report
For the Financial Half-Year Ended 31 January 2017

The Board of Directors submits herewith the Interim Financial Report of Havilah Resources Limited (the 'Company') and its subsidiaries (the 'Group') for the financial half-year ended 31 January 2017 (the 'financial half-year').

Board of Directors

The names of the Directors of the Company during the financial half-year and up to the date of this Directors' Report are set out below:

Kenneth (Ken) Williams	Independent Non-Executive Chairman
Christopher (Chris) Giles	Managing Director
Paul Mertin	Independent Non-Executive Director

Highlights - Group Operations

- Portia Gold Mine total gold sales exceed 20,000 ounces (10,000 ounces attributable to Havilah).
- Approvals received for 120 metre south wall cutback to the Portia Gold Mine, which will potentially extend the mining operations by a further 12 months.
- Actively pursuing development options for the Kalkaroo Copper-Gold and Mutooroo Copper-Cobalt Projects in light of the favourable outlook for copper and cobalt.
- New government-supported exploration drilling programs commenced on high potential copper and gold targets in the Benagerie dome and tin targets at Prospect Hill.

Highlights - Corporate Activity

- Investec Loan and Risk Management Facility debt fully repaid and associated hedge of 10,000 ounces of gold delivered.
- Half-year profit after tax of $3.431 million.
- Raised $0.798 million through the exercise of listed and unlisted options.
- New website and social media platforms launched.

Review of Operations

Financial Performance Summary

Key Business Metrics	31 January 2017 $ '000	31 January 2016 $ '000	Change
Total Revenue	13,460	-	100%
Cost of sales (excluding D&A[1])	(5,043)	-	(100%)
Corporate, admin, exploration and other costs (excluding D&A[1])	(821)	(759)	8%
EBITDA[2]	7,599	(748)	1,116%
Profit/(loss) for the half year:	**3,431**	**(838)**	**309%**
Capitalised expenditure for the six months:			
Property, plant and equipment	826	16	5,063%
Construction in progress - plant	-	1,501	(100%)
Mine development expenditure	728	518	41%
Exploration & evaluation expenditure	1,362	949	44%
Total capitalised expenditure for the six months:	**2,917**	**2,984**	**(2%)**

[1] Depreciation and amortisation ('D&A').
[2] EBITDA is non-IFRS financial information and is not subject to audit.

Advanced Projects:

Portia Gold Mine

Mining and processing at the Portia Gold Mine operated almost continuously during the six months, with only minor interruptions caused by the inclement weather and planned plant maintenance.

The processing plant has yet to achieve maximum capacity due to through-put limitations and in early January a scrubber was procured to address this bottleneck, the benefit of which should be seen in the second half of the financial year.

Directors' Report (Continued)
For the Financial Half-Year Ended 31 January 2017

Approval was received from the Department of State Development for a 120 metre cutback of the north and south walls which will allow mining of the southern extension to the existing gold mine, extending the mine life by an estimated 12 months. An active drilling program was maintained and continues with the aim of further extending the Portia gold resource.

A water storage pond and related infrastructure is currently under construction to allow for improved management of processing water at the Portia Gold Mine going forward.

Portia Gold Mine Production Summary	Units	31 January 2017 $ '000	31 January 2016 $ '000
Overburden mined	BCM	2,559,000	2,873,000
Ore mined	t	262,000	-
Total tonnes processed (wet)	t	150,000	-
Grade processed[1]	g/t	3.6	-
Gold produced[1]	oz	15,756	-
Gold sold	oz	16,638	-

[1] Excludes gold nuggets recovered, but not processed into bullion.

Havilah's Share of Portia Gold Mine Production	Units	31 January 2017 $ '000	31 January 2016 $ '000
Gold produced[1]	oz	7,878	-
Gold sold	oz	8,319	-
Achieved Gold Price	A$/oz	1,618	-
C1 Cash Cost	A$/oz	427	-
All-In Sustaining Cost (AISC)	A$/oz	710	-
All-In Cost (AIC)	A$/oz	833	-

[1] Excludes gold nuggets recovered, but not processed into bullion.

North Portia Copper-Gold Project

The Company continued drilling and metallurgical work at North Portia with the intention of undertaking a feasibility study aiming to determine the economic viability of mining the upper oxidised portion of the North Portia copper-gold deposit as a sequential follow on operation from the Portia Gold Mine.

Kalkaroo Copper-Gold Project

The Mining Lease application is in the final stages and the Company continues to engage in negotiations with the Adnyamathanha people towards finalisation of a native title mining agreement, which is the final step.

The Company is also continuing to work on an updated resource model and mining plan for Kalkaroo which incorporates new drilling data.

Mutooroo Copper-Cobalt Project

The Company has commenced work on a conceptual development plan for the Mutooroo deposit which will initially target capital copper and cobalt production at a lower rate form the massive sulphide ore.

Exploration

Havilah completed the required preliminary work for its latest Program for Accelerated Exploration (PACE) drilling programs. This government-supported drilling focuses on high potential copper and gold targets in the Benagerie dome and tin targets at Prospect Hill, with drilling to continue through the second-half of the financial year.

Directors' Report (Continued)
For the Financial Half-Year Ended 31 January 2017

Financial Performance

Profit or Loss

The consolidated result of the Group for the financial half-year was a profit after tax expense of $3.431 million (2016: loss ($0.838) million). This increase in profit is attributable to the on-going operation and gold production from the Portia Gold Mine.

Other comprehensive income for the financial half-year included the reversal of the prior year unrealised loss on gold hedging of $0.969 million net of tax (2016: $0.154 unrealised net gain). Finance costs of $0.316 million (2016: $0.074 million) increased due to the full amortisation of debt establishment costs related to the Investec Loan Facility.

Balance Sheet

The Group's net assets increased by 13% to $44.971 million (31 July 2016: $39.773 million) mainly due to the $1.229 million increase in the cash balance to $1.938 million and repayment of the $3.500 million Investec Loan Facility which were facilitated by gold sales from the Portia Gold Mine.

Exploration and evaluation expenditure increased by $1.362 million primarily due to further exploration on the Portia Mining Lease which hosts the Portia Gold Mine and the North Portia copper-gold deposit, while the Mine development expenditure decreased by $1.524 million through amortisation of $2.252 million now that the Portia Gold Mine is in production, partially offset by additions of $0.728 million (31 July 2016: $1.362 million).

Total liabilities for the Group decreased by 43% to $6.746 million (31 July 2016: $11.746 million). This was predominantly attributed to the repayment of the Investec Loan Facility decreasing non-current and current debt related to interest bearing liabilities to $0.012 million (31 July 2016: $3.335 million) and the close out of the gold hedge of $1.384 million.

Cash Flow

The half-year ended with a cash balance of $1.938 million (31 January 2016: $0.839 million). Net cash inflow from operating activities was $6.977 million (31 January 2016: outflow $0.727m). The increased cash inflow is attributable to the Portia Gold Mine which was not yet in operation as at 31 January 2016.

Net cash outflows from investment activities were $2.985 million (31 January 2016: $2.186 million). The increase in capitalised expenditure relates mainly to the returning focus on exploration activities cash outflow of $1.683 million.

Net cash outflows from financing activities were $2.763 million (31 January 2016: inflow $1.616 million). These outflows included repayment of $3.500 million against the Investec Loan Facility partially offset by 2.675 million exercised options generating a $0.798 million cash in-flow.

Market Capitalisation

The market capitalisation of the Company was $119.890 million as at 31 January 2017 (31 July 2016: $69.125 million), based on the financial half-year end closing market price of $0.70 per fully paid ordinary share and 171.271 million fully paid ordinary shares on issue.

Directors' Report (Continued)
For the Financial Half-Year Ended 31 January 2017

Matters subsequent to the end of the financial year

Other than noted in Note 14 to the financial statements, there has been no matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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

The Directors' Report sets out information on the business strategies and prospects for future financial years, and refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Directors' Report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Details that could give rise to likely material detriment to the Group, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage has not been included. Other than the matters included in this Directors' Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included.

External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial half-year, as required under Section 307C of the *Corporations Act 2001*, is set out on page 18.

Rounding of amounts

The Company is a company of the 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 the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors

Kenneth Williams
Non-Executive Chairman

11 April 2017
Adelaide

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Financial Half-Year Ended 31 January 2017

	Note	31 January 2017 $'000	31 January 2016 $'000
Sales revenue		**13,460**	**-**
Cost of sales		(7,350)	-
Gross profit		**6,110**	**-**
Other income	3	11	25
Corporate and other administration costs	4	(855)	(673)
Share-based payments expenses		-	(162)
Impairment of other financial assets		(49)	(5)
Finance costs and fees	4	(316)	(74)
Total expenses		(1,209)	(914)
Profit/(Loss) before tax		4,901	(889)
Tax expense		(1,470)	51
Profit/(Loss) for the period		**3,431**	**(838)**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on hedging instruments entered into for cash flow hedges		969	154
Other comprehensive income, net of tax		**969**	**154**
Total comprehensive profit/(loss) for the period		**4,400**	**(684)**
Profit/(Loss) per share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic profit/(loss) per ordinary share		2.0	(0.5)
Diluted profit/(loss) per ordinary share		1.6	(0.5)

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 January 2017

	Note	31 January 2017 $'000	31 July 2016 $'000
Current assets			
Cash and cash equivalents		1,938	709
Inventory		1,340	1,328
Trade and other receivables		1,651	757
Total current assets		4,929	2,794
Non-current assets			
Exploration and evaluation expenditure	5	31,426	30,064
Mine development expenditure	5	4,198	5,722
Property, plant and equipment	6	7,861	7,827
Deferred tax assets		1,115	3,000
Other receivables	7	1,954	1,829
Other financial assets		234	283
Total non-current assets		46,788	48,725
Total assets		51,717	51,519
Current liabilities			
Trade and other payables		2,422	2,900
Borrowings	8	12	3,329
Provisions		565	516
Derivative financial liability		-	1,384
Deferred income		507	507
Total current liabilities		3,506	8,636
Non-current liabilities			
Borrowings	8	-	6
Provisions	9	1,976	1,840
Other		1,264	1,264
Total non-current liabilities		3,240	3,110
Total liabilities		6,746	11,746
Net assets		**44,971**	**39,773**
Equity			
Contributed equity	10	60,981	60,183
Reserves		(1,565)	(2,534)
Accumulated losses		(14,445)	(17,876)
Total equity		**44,971**	**39,773**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Financial Half-Year Ended 31 January 2017

	Contributed Equity $'000	Buy-out Reserve $'000	Fair-value Revaluation Reserve $'000	Share-based Payments Reserve $'000	Retained Earnings (Accumulated Losses) $'000	Total Equity $'000
Balance as at 1 August 2015	59,142	(2,600)	-	636	(19,087)	38,091
Loss for financial half-year	-	-	-	-	(838)	(838)
Share options lapsed	-	-	154	-	-	154
Total comprehensive (loss) income for financial half-year	-	-	154	-	(838)	(684)
Transactions with owners in their capacity as owners:						
Ordinary shares issued	938	-	-	-	-	938
Transaction costs arising on fully paid ordinary shares issued, net of tax	(34)	-	-	-	-	(34)
Share-based payments expense	-	-	-	162	-	162
Balance as at 31 January 2016	**60,046**	**(2,600)**	**154**	**798**	**(19,925)**	**38,473**
Balance as at 1 August 2016	60,183	(2,600)	(969)	1,035	(17,876)	39,773
Profit for financial half-year	-	-	-	-	3,431	3,431
Changes in fair value of cash flow hedges, net of tax	-	-	969	-	-	969
Total comprehensive income for financial half-year	-	-	969	-	3,431	4,400
Transactions with owners in their capacity as owners:						
Issue of 100,000 ordinary shares on exercise of unlisted share options at $0.22 per share	22	-	-	-	-	22
Issue of 50,000 ordinary shares on exercise of unlisted share options at $0.38 per share	19	-	-	-	-	19
Issue of 2,524,774 ordinary shares on exercise of listed share options at $0.30 per share	757	-	-	-	-	757
Balance as at 31 January 2017	**60,981**	**(2,600)**	**-**	**1,035**	**(14,445)**	**44,971**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows
For the Financial Half-Year Ended 31 January 2017

	31 January 2017 $'000	31 January 2016 $'000
Cash flows from operating activities		
Receipts from customers	13,460	-
Miscellaneous receipts	3	11
Payments to suppliers and employees	(6,409)	(706)
Interest and other costs of finance paid	(77)	(32)
Net cash flows provided by/(used in) operating activities	6,977	(727)
Cash flows from investing activities		
Interest received	8	14
Refund of security deposits	-	310
Payments for exploration and evaluation	(1,683)	(984)
Payments for mine development	(440)	(337)
Purchase of plant and equipment	(869)	(1,189)
Net cash flows used in investing activities	(2,984)	(2,186)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	798	938
Payments for ordinary shares issue costs	-	(49)
Proceeds from borrowings	-	1,000
Payment for borrowing costs	(54)	(210)
Repayments of borrowings	(3,508)	(63)
Net cash flows (used in)/provided by financing activities	(2,764)	1,616
Net increase/(decrease) in cash and cash equivalents	1,229	(1,297)
Cash and cash equivalents at beginning of financial half-year	709	2,136
Cash and cash equivalents at end of financial half-year	**1,938**	**839**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements
For the Financial Half-Year Ended 31 January 2017

Note 1. Basis of preparation of condensed consolidated financial statements

This Interim Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The condensed consolidated financial statements do not include all the notes of the type normally included in an Annual Report and should be read in conjunction with the Annual Report for the financial year ended 31 July 2016.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's Annual Report for the financial year ended 31 July 2016, except for the impact of the Standards and Interpretations as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Statement of Compliance

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 '*Interim Financial Reporting'*.

New or Revised Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for the financial half-year ended 31 January 2017.

The adoption of all of the relevant new and revised Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on either the amounts reported for the current or previous financial half-years.

Note 2. Segment information

(a) Description of segments

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

The Group's one operational Mine Site, Exploration & Development and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period. Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

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

Note 2. Segment information (continued)

(b) Segment information

The segment information for the reportable segments for the half-year ended 31 January 2017 is as follows:

Half-year ended 31 January 2017	Mine Operations $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	13,460	-	-	13,460
EBITDA	8,416	-	(817)	7,599
Depreciation and Amortisation [1]	37	81	2	120
Depreciation and Amortisation on COGS	2,307	-	-	2,307
Additions to property, plant & equipment [2]	648	175	3	826
Total Assets	13,042	34,435	4,240	51,717
Total Liabilities	3,741	864	2,141	6,746

Half-year ended 31 January 2016	Mine Operations $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	-	-	-	-
EBITDA	-	-	(748)	(748)
Depreciation and Amortisation [1]	36	79	2	117
Depreciation and Amortisation on COGS	-	-	-	-
As at 31 July 2016				
Additions to property, plant & equipment [2]	4,771	8	-	4,779
Total Assets	13,934	32,979	4,606	51,519
Total Liabilities	7,620	942	3,184	11,746

[1] Mine operations' depreciation was capitalised into Mine development.
[2] Excludes transfers between segments.

(c) Segment reconciliation

	Half-year ended 31 January 2017 $'000	Half-year ended 31 January 2016 $'000
Reconciliation of profit loss before tax expense		
EBITDA	7,599	(748)
Depreciation and amortisation	(83)	(81)
Depreciation and amortisation on COGS	(2,307)	-
Interest income	8	14
Finance costs and fees	(316)	(74)
Profit/(Loss) before tax expense	4,901	(889)

Note 3. Other income

	Half-year ended 31 January 2017 $'000	Half-year ended 31 January 2016 $'000
Interest income	8	14
Other income	3	11
	11	**25**

Note 4. Expenses

	Half-year ended 31 January 2017 $'000	Half-year ended 31 January 2016 $'000
Corporate and other administration costs		
Administration expenses	330	255
Net employee benefits expense[1]	311	195
Corporate costs	55	73
Director's fees	76	69
Depreciation and amortisation	83	81
	855	**673**

[1] This represents employee expenses not capitalised as part of Exploration and Evaluation Expenditure and Mine Development Expenditure.

	Half-year ended 31 January 2017 $'000	Half-year ended 31 January 2016 $'000
Finance costs and fees		
Amortisation of debt establishment costs	239	42
Interest expense	50	3
Finance leases	1	1
Bank fees	26	28
	316	**74**

Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the Annual Report. Effective 16 December 2017, the remuneration of the non-executive directors were changed as follows:

- Kenneth Williams' director's fees increased from $87,996 to $97,717 per annum, exclusive of statutory superannuation.
- Paul Mertin's director's fees increased from $45,767 to $59,361 per annum, exclusive of statutory superannuation.

Note 5. Mine development and exploration

	Mine Development $'000	Exploration & Evaluation $'000
As at 31 July 2016		
Cost	**5,722**	**30,064**
Half year ended 31 January 2017		
Opening carrying amount	5,722	30,064
Additions	728	1,362
Amortisation	(2,252)	-
Carrying amount at the end of the period	**4,198**	31,426
As at 31 January 2017		
Cost, net of amortisation	**4,198**	**31,426**

Note 6. Property, plant and equipment

	Land $'000	Plant & Equipment $'000	Total $'000
As at 31 July 2016			
Cost	2,241	8,998	11,239
Accumulated depreciation	-	(3,412)	(3,412)
Net book amount	**2,241**	**5,586**	**7,827**
Included in above			
Carrying amount of leased assets	-	28	28
	-	**28**	**28**
Half year ended 31 January 2017			
Opening net book amount	2,241	5,586	7,827
Additions	-	826	826
Capitalised depreciation	-	(37)	(37)
Depreciation charge	-	(755)	(755)
Closing net book amount	**2,241**	**5,620**	**7,861**
As at 31 January 2017			
Cost	2,241	9,824	12,065
Accumulated depreciation	-	(4,204)	(4,204)
Net book amount	**2,241**	**5,620**	**7,861**
Included in above			
Carrying amount of leased assets	-	25	25
Carrying amount of assets under construction	-	707	707
	-	**732**	**732**

Note 7. Non-current other receivables

Relates to a rehabilitation liability assumed by an unrelated entity (refer to Note 9).

Note 8. Interest bearing liabilities

	31 January 2017 $'000	31 July 2016 $'000
Current		
Secured (at amortised cost):		
Investec loan	-	3,500
Loan establishment costs	-	(185)
Finance lease liability	12	14
	12	**3,329**
Non-Current		
Secured (at amortised cost):		
Finance lease liability	-	6
	-	**6**
Total interest bearing liabilities	**12**	**3,335**

On 24 September 2015 the Company entered into a $6.000 million Loan Facility and Risk Management Facility (Facility) to provide funding for the Portia Gold Mine. This Facility included hedging of 10,000 ounces of gold production from the Portia Gold Mine. The Facility bore interest at a variable market rate. The Loan Facility was secured by a mortgage over the Portia Mining Lease and by Havilah Resources Limited's shareholding in Benagerie Gold Pty Limited and was to be repaid in full by 23 March 2017.

As at 31 January 2017 the Company had fully repaid the Facility ($3.500 million drawn down at 31 July 2016). The borrowing costs associated with the Loan Facility were fully amortised.

Note 9. Non-current provisions

Included in non-current provisions is a rehabilitation provision of $1.954 million (31 July 2016: 1.829 million) under the agreement with the Group and Consolidated Mining & Civil (CMC), CMC is responsible for undertaking these rehabilitation activities at its own cost and therefore the Group has recorded an other non-current receivable of $1.954 million (31 July 2016: 1.829 million).

Note 10. Issued capital

During the half-year ended 31 January 2017 the company issued 2.675 million ordinary shares for $0.798 million on exercise of 2.525 million listed share options and 0.150 million unlisted employee share options.

During the prior half-year ended 31 January 2016, the company issued 3.752 million fully paid ordinary shares for $0.938 million, before cost, through a Share Purchase Plan.

There were no other movements in the ordinary share capital of the company in the current or prior half-year.

During the half-year ended 31 January 2017, no unlisted share options were issued to Directors or employees (31 January 2016: 3.600 million unlisted options were issued to Directors with a fair value at grant date of $0.417 million).

Note 11. 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 half-year (31 January 2016: $Nil).

Note 12. Contingent and capital commitments

No changes to disclosure in Note 27 of the 31 July 2016 Annual Report other than as noted below.

(a) Exploration expenditure commitments

On 1 January 2016 Havilah Resources Limited renewed the Amalgamated Expenditure Arrangement with the Department of State Development of South Australia (the regulator of exploration tenements in South Australia) covering all its mineral exploration tenements (excluding ELs 5463 and 5579). The Amalgamated Expenditure Arrangement covers a period of 2 years from 1 January 2016 with an agreed overall exploration expenditure across the relevant mineral exploration tenements of $10.000 million for that period and a minimum reduction of 10% of the combined tenement area. As at 31 January 2017 the Group had spent $1.397 million (31 July 2016: $1.002 million) on these tenements in order to keep the tenements in good standing. At the expiry of this Arrangement (31 December 2017) it is planned that the Group will enter into a new 2 year Arrangement.

The minimum exploration expenditure related to mineral exploration tenements not covered by the Amalgamated Expenditure Arrangement (as discussed above) are approximately:

	31 January 2017 $'000	31 July 2016 $'000
No later than one year	267	269
Later than one year but not later than five years	213	96

(b) Capital commitments

The Group has $0.056 million in capital commitments associated with the scrubber purchase and balance pond construction (31 July 2016: $nil).

Note 13. Fair value measurement of assets and liabilities

(a) 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):

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
(c) 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 at on a recurring basis:

31 January 2017	Level 1 $'000	Level 2 $'000	Total $'000
Assets			
Other financial assets			
Shares available for sale	49	-	49

31 July 2016	Level 1 $'000	Level 2 $'000	Total $'000
Assets			
Other financial assets			
Shares available for sale	98	-	98
Liabilities			
Derivative financial instruments			
Derivatives used for hedging	-	1,384	1,384
Total Net Liability	98	1,384	1,286

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 January 2017.

(b) Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and financial liabilities held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

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

All of the resulting fair value estimates are included in either level 1 or 2. There are no financial instruments included in level 3 for the half-year ended 31 January 2017.

Note 14. Subsequent events

The Portia Gold Mine rehabilitation bond has been increased from $1.954 million to $2.450 million with the approval of the 120 metre southern and northern cutbacks. On 6 April 2017, the Group provided a bank guarantee of $1.225 million, with CMC being responsible for funding the remaining 50%. CMC remains responsible for undertaking these rehabilitation activities as per Note 9.

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

Directors' Declaration
For The Financial Half-Year Ended 31 January 2017

The Directors declare that:

1. in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 7 to 16, are in accordance with the *Corporations Act 2001,* including:

    a) complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*; and

    b) giving a true and fair view of the Group's financial position as at 31 January 2017 and of its performance for the financial half-year ended on that date; and

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors:

Kenneth Williams
Non-Executive Chairman

11 April 2017
Adelaide

Auditor's Independence Declaration
For The Financial Half-Year Ended 31 January 2017

Deloitte.

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

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

11 April 2017

The Board of Directors
Havilah Resources Limited
31 Flemington Street
GLENSIDE 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 review of the financial statements of Havilah Resources Limited for the half-year ended 31 January 2017, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Independent Auditor's Report
For The Financial Half-Year Ended 31 January 2017

Deloitte.

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

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www.deloitte.com.au

Independent Auditor's Review Report to the Members of Havilah Resources Limited

We have reviewed the accompanying half-year financial report of Havilah Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 January 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Havilah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Havilah Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Havilah Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 11 April 2017