Interim Financial Report

For the Half Year Ended

31 January 2018

Havilah Resources Limited
ASX : HAV

Website : www.havilah-resources.com.au
Tel : +61 (08) 8155 4500
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Office Holders

Kenneth Williams	Independent Non-executive Chairman
Christopher Giles	Executive Director-Technical
Mark Stewart	Independent Non-executive Director
Walter Richards	Chief Executive Officer & Company Secretary
Claire Redman	Company Secretary & Business Manager

Registered and Principal Office

Level 1, 164 Fullarton Road Dulwich South Australia 5065

Share Registrar

Computershare Investor Services Pty Limited (ACN 078 279 277)
Level 5, 115 Grenfell Street Adelaide South Australia 5000

External 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 and listed options (HAVOC) are listed on the Australian Securities Exchange (ASX)

Contents

Directors' Report for the Financial Half-Year Ended 31 January 2018

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 2018 (the 'financial half-year').

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 Williams	Independent Non-executive Chairman
Christopher Giles	Executive Director- Technical
Paul Mertin	Independent Non-executive Director (retired 12 December 2017)
Mark Stewart	Independent Non-executive Director (appointed 12 December 2017)

Highlights - Group Operations

- Launched the Copper Growth Strategy to advance the Group's three main copper projects, Kalkaroo, Mutooroo, and North Portia.
- Kalkaroo Project copper resource of 1 million contained metal tonnes independently verified during the preparation of the project prefeasibility study (**PFS**).
- North Portia Project Memorandum of Understanding finalised for the implementation of an agreed and jointly funded work program to complete a PFS and required permitting for the potential development of the copper-gold deposit.
- Portia Gold Mine 50:50 revenue share agreement restructured into a gold revenue stream where the Group receives 15% of all gold revenue from 16 November 2017.
- Jupiter MT anomaly identified as a result of the discovery of magnetotelluric geophysical signatures associated with IOCG (iron oxide copper gold) mineralisation within the Group's tenements.

Highlights - Corporate Activity

- Loss before interest, tax, depreciation and amortisation (**LBITDA**) of $1.508 million.
- Financial half-year loss after tax of $5.190 million.
- Rights Issue raised the full targeted amount of $5.428 million.
- Raised $2.050 million through a placement while entering into an associated funding arrangement of $1.600 million. The funding arrangement allows for regular payments to the Company over a period of up to 20 months, with the calculation of such payments taking into account the Company's share price prior to each payment.
- Paul Mertin retired as a Director and Mark Stewart was appointed as a Director on 12 December 2017.
- Walter Richards appointed as Chief Executive Officer on 16 November 2017.
- Claire Redman appointed as Company Secretary on 8 December 2017.

REVIEW OF OPERATIONS

Financial Performance Summary

Key Business Metrics	31 January 2018 $ '000	31 January 2017 $ '000	Change
Revenue	3,648	13,460	(73%)
Cost of goods sold (excluding D&A[1])	(4,566)	(5,043)	9%
Corporate, admin, exploration and other costs (excluding D&A[1])	(834)	(821)	(2%)
Exploration and evaluation impairment loss	(108)	-	(100%)
Changes in fair value of other financial assets	29	(49)	160%
(LBITDA)/EBITDA[2]	(1,508)	7,599	(120%)
(Loss)/profit for the financial half-year:	**(5,190)**	**3,431**	**(251%)**
Capitalised expenditure for the six months:			
Property, plant and equipment	192	826	(77%)
Mine development expenditure	-	728	(100%)
Exploration and evaluation expenditure	1,455	1,362	7%
Total capitalised expenditure for the six months:	**1,647**	**2,917**	**(44%)**

1 Depreciation and amortisation ('D&A').

2 (LBITDA)/EBITDA is non-IFRS financial information and is not subject to review.

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PROJECTS

Kalkaroo Copper-Gold Project

Work on the PFS that commenced in the previous financial year for the copper-gold project is continuing. Native title negotiations are complete and awaiting ratification by the relevant groups, as a prerequisite for grant of a mining lease.

Mutooroo Copper-Cobalt Project

The progression of a conceptual development plan for the Mutooroo deposit, which will initially target low capital copper and cobalt production from the massive sulphide ore, is continuing.

North Portia Copper-Gold Project

The Company commenced permitting work for the mining of the upper oxidised and supergene enriched portion of the North Portia deposit as a sequential follow-on operation from the Portia Gold Mine.

Exploration

Magnetotelluric geophysical surveying within the northern part of the Group's tenements identified the Jupiter MT anomaly, which has a geophysical signature comparable to that associated with the Olympic Dam deposit. Review and discussion regarding the renewal of the Amalgamated Expenditure Arrangement for a further two-year period starting 1 January 2018 is ongoing.

ADVANCED PROJECTS

Portia Gold Mine

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

During the period the Group restructured the 50:50 revenue sharing agreement into a 15% gold revenue stream for the Company. This change resulted in all future processing and capital expenses being eliminated for the Group and all day-to-day management of Portia operations being controlled by Consolidated Mining & Civil Pty Ltd (**CMC**), effective 16 November 2017. All mining, processing and capital expenses will now be met by the contractor. The Group will retain ownership of the processing plant, which the contractor will maintain and modify as may be required, at its expense. The Group will continue to offer specialised technical assistance to CMC for the on-going efficient operation of Portia.

Portia Gold Mine Production Summary	Units	31 January 2018	31 January 2017
Overburden mined	BCM	466,000	2,559,000
Ore mined	t	101,000	262,000
Total tonnes processed (wet)	t	217,000	150,000
Grade processed[1]	g/t	0.7	3.6
Gold produced[1]	oz	4,333	15,756
Gold sold	oz	4,569	16,638

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

Havilah's Share of Portia Gold Mine Production	Units	31 January 2018	31 January 2017
Gold produced[1,2]	oz	1,738	7,878
Gold sold[2]	oz	1,855	8,319
Achieved Gold Price	A$/oz	1,643	1,618

[1] Excludes gold nuggets recovered, but not processed into gold ore.
[2] Includes a 50% share which changed to a 15% share from 16 November 2017.

FINANCIAL PERFORMANCE

Profit or Loss

The consolidated result of the Group for the financial half-year was a loss after tax expense of $5.190 million (31 January 2017: $3.431 million profit).

Revenue decreased by 73% to $3.648 million (31 January 2017: $13.460 million) due to the change in the Group's share of production from the Portia Gold Mine and the processing of lower grade material.

Cost of goods sold includes a 48% increase in depreciation expense to $3.420 million for the half-year (31 January 2017: $2.307 million). Of the depreciation expense recognised in the current half-year, $2.090 million was due to the re-assessment of the lives of various processing plant assets to be in line with the expected life of mine.

Balance Sheet

The Group's liabilities decreased by 39% to $3.706 million (31 July 2017: $6.034 million) mainly due to the settlement of outstanding creditor balances and also due to the recognition of research and development grant income, which had previously been capitalised.

The Group is debt free as of 31 January 2018, having extinguished all debt funding during the 2017 financial year.

The Group's assets as at 31 January 2018 include a financial asset of $0.748 million, being the fair value of funds receivable from Bergen under a funding agreement entered into in October 2017.

The value of property, plant and equipment recorded on the balance sheet has decreased by 36% to $5.956 million due to the accelerated depreciation of various processing plant assets at the Portia Gold Mine.

Exploration and evaluation expenditure increased by $1.347 million primarily due to further exploration on the Portia Mining Lease which hosts the Portia Gold Mine and the North Portia copper-gold deposit. Mine development expenditure was zero due to the impairment assessment carried out as at 31 July 2017.

Cash Flow

The financial half-year ended with a cash balance of $2.222 million (31 January 2017: $1.938 million). Net cash used in operating activities was $1.202 million (31 January 2017: inflow $6.977 million). The decreased cash inflow is mainly attributable to the processing of lower grade material at the Portia Gold Mine.

Net cash outflows from investment activities were $3.088 million (31 January 2017: $2.984 million outflow).

Net cash inflows from financing activities were $5.624 million (31 January 2017: outflow $2.764 million). The inflow is primarily the result of a rights issue which was completed on 31 January 2018.

Market Capitalisation

The market capitalisation of the Company was $54.550 million as at 31 January 2018 (31 July 2017: $69.125 million), based on the financial half-year end closing market price of $0.25 per fully paid ordinary share and 218.199 million fully paid ordinary shares on issue.

Matters subsequent to the end of the financial half-year

Other than noted in Note 12 to the financial statements, there has been no matter or circumstance that has arisen since the end of the financial half-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 a 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 included on page 21.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

On behalf of the Directors

Kenneth Williams
Non-executive Chairman
15 April 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Half-Year Ended 31 January 2018

	Note	31 January 2018 $'000	31 January 2017 $'000
Revenue		**3,648**	**13,460**
Cost of goods sold		(7,986)	(7,350)
Gross profit		**(4,338)**	**6,110**
Other income		354	11
Exploration expenditure written off		(108)	-
Corporate and other administration costs	4	(942)	(855)
Change in fair value of other financial assets		29	(49)
Finance costs	4	(79)	(316)
Total expenses		(1,100)	(1,220)
(Loss)/profit before income tax		(5,084)	4,901
Income tax expense		(106)	(1,470)
(Loss)/profit for the financial half-year attributable to equity holders of the Company		**(5,190)**	**3,431**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on hedging instruments entered into for cash flow hedges		-	969
Other comprehensive income, net of tax		**-**	**969**
Total comprehensive (loss)/profit for the financial half-year attributable to equity holders of the Company, net of income tax		**(5,190)**	**4,400**
(Loss)/profit per share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic (loss)/profit per ordinary share		(2.7)	2.0
Diluted (loss)/profit per ordinary share		(2.7)	1.6

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

Condensed Consolidated Statement of Financial Position As at 31 January 2018

	Note	31 January 2018 $'000	31 July 2017 $'000
Current assets			
Cash and cash equivalents		2,222	888
Inventory		881	1,843
Trade and other receivables		354	362
Other financial assets	12	748	-
Total current assets		4,205	3,093
Non-current assets			
Exploration and evaluation expenditure	5	35,260	33,913
Mine development expenditure	5	-	-
Property, plant and equipment	6	5,956	9,279
Other receivables		1,020	1,020
Other financial assets		110	107
Total non-current assets		42,346	44,319
Total assets		46,551	47,412
Current liabilities			
Trade and other payables		608	2,504
Borrowings		34	141
Provisions		727	694
Other		507	507
Total current liabilities		1,876	3,846
Non-current liabilities			
Borrowings		-	-
Provisions		1,032	1,047
Other		798	1,142
Total non-current liabilities		1,830	2,188
Total liabilities		3,706	6,034
Net assets		**42,845**	**41,377**
Equity			
Contributed equity	9	71,690	65,072
Reserves		(1,801)	(1,841)
Accumulated losses		(27,044)	(21,854)
Total equity		**42,845**	**41,377**

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 2018

	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 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**
Balance as at 1 August 2017	65,072	(2,600)	-	760	(21,854)	41,378
(Loss)/profit for financial half-year	-	-	-	-	(5,190)	(5,190)
Total comprehensive (loss)/income for financial half-year	-	-	-	-	(5,190)	(5,190)
Transactions with owners in their capacity as owners:						
Issue of 28,202,463 ordinary shares on in rights issue at $0.20 per share	5,640	-	-	-	-	5,640
Issue of 6,212,121 ordinary shares to Bergen	2,050	-	-	-	-	2,050
Adjustment to record Bergen deferred settlement arrangement	(889)	-	-	-	-	(889)
Issue of 353,448 shares to Bergen for commencement fee	103	-	-	-	-	103
Issue 800,000 unlisted options to Bergen	(39)	-	-	39	-	-
Share issue costs	(353)	-	-	-	-	(353)
Income tax consequences of share issue costs	106	-	-	-	-	106
Share based payment expenses	-	-	-	-	-	-
Balance as at 31 January 2018	**71,690**	**(2,600)**	**-**	**799**	**(27,044)**	**42,845**

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 2018

	31 January 2018 $'000	31 January 2017 $'000
Cash flows from operating activities		
Receipts from customers	3,648	13,460
Miscellaneous receipts	38	3
Payments to suppliers and employees	(4,827)	(6,409)
Interest and other costs of finance paid	(61)	(77)
Net cash flows (used in)/provided by operating activities	(1,202)	6,977
Cash flows from investing activities		
Interest received	2	8
Refund of security deposits	3	-
Payments for exploration and evaluation expenditure	(1,545)	(1,683)
Payments for mine development expenditure	-	(440)
Purchase of plant and equipment	(1,548)	(869)
Net cash flows used in investing activities	(3,088)	(2,984)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	5,870	798
Payments for ordinary shares issue costs	(139)	-
Proceeds from borrowings	-	-
Payment for borrowing costs	-	(54)
Repayments of borrowings	(107)	(3,508)
Net cash flows provided by / (used in) financing activities	5,624	(2,764)
Net increase in cash and cash equivalents	1,334	1,229
Cash and cash equivalents at beginning of financial half-year	888	709
Cash and cash equivalents at end of financial half-year	**2,222**	**1,938**

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 2018

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 2017.

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 2017, 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 2018.

The Directors have elected under Section 334 (5) of the Corporations Act 2001 to early adopt AASB 9 'Financial Instruments' in advance of its effective date. The Standard is not effective until annual periods beginning on or after 1 January 2018, and the compulsory effective date for the Company would be for the financial year beginning 1 August 2018. AASB 9 provides greater flexibility and simplifies the administration associated with applying hedge accounting.

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 the amounts reported for either the current or previous financial half-years.

Note 2. Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 31 January 2018 the Group incurred a net loss of $5.190 million (31 January 2017: net profit of $3.431 million), and experienced net cash outflows from operating activities of $1.202 million (31 January 2017: $6.977 million inflow) and investing activities of $3.088 million (31 January 2017: $2.984 million). As at 31 January 2018, the Group has a cash balance of $2.222 million (31 January 2017: $0.888 million) and a current asset surplus of $2.329 million (31 July 2017: current asset deficit of $0.753 million).

Subsequent to 31 January 2018, the Group's bank guarantee credit facility of $1.500 million, which expired on 31 March 2018, has been extended through 30 June 2018. The Group is currently in the process of assessing options to extend this facility for another 12 months.

In order to meet the Group's anticipated minimum administration costs and continue to pay its debts as and when they fall due and payable (excluding exploration commitments but including statutory fees), the Group is dependent on extending the bank guarantee credit facility or raising additional funds. The Group is also dependent on the successful operation of the Portia Gold Mine, including achieving the planned gold price, production, and recovery level.

As stated above, the Group will be required to raise additional funding of at least $0.800 million by 31 January 2019 if the bank guarantee credit facility is not extended (which may include a pro-rata rights issue to shareholders, placement of shares, or a sale or partial sale of some of the Group's assets).

At the date of approving this financial report the Board of Directors have reasonable grounds to believe that the Group will achieve the above and that it is therefore appropriate to prepare the financial report on the going concern basis.

Should the Group be unable to achieve successful outcomes in respect of the matters outlined above, there is a material uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

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

Note 3. 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 Management Team in assessing performance and in determining the allocation of resources.

The Group's interest in the Portia Gold Mine, Exploration and 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 (LBITDA)/EBITDA.

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

(b) Segment information

The segment information for the reportable segments for the half-year ended 31 January 2018 is as follows:

31 January 2018	Portia Gold Mine $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	3,648	-	-	3,648
(LBITDA)/EBITDA	(950)	(108)	(450)	(1,508)
Impairment included in LBITDA	29	(108)	-	(79)
Depreciation and amortisation[1]	-	(66)	(13)	(79)
Depreciation and amortisation on COGS[3]	(3,420)	-	-	(3,420)
Additions to property, plant and equipment[2]	126	20	46	192
Total Assets	4,827	38,245	3,479	46,551
Total Liabilities	1,777	827	1,102	3,706

31 January 2017	Portia Gold Mine $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	13,460	-	-	13,460
EBITDA/(LBITDA)	8,416	-	(817)	7,599
Depreciation and amortisation[1]	(37)	(81)	(2)	(120)
Depreciation and amortisation on COGS	(2,307)	-	-	(2,307)
31 July 2017				
Additions to property, plant and equipment[2]	2,770	241	56	3,068
Total Assets	9,083	36,911	1,417	47,412
Total Liabilities	4,079	926	1,029	6,034

[1] Mine operations' depreciation was capitalised into Mine development expenditure.
[2] Excludes transfers between segments.
[3] Cost of goods sold

(c) Segment reconciliation

	Half-year ended 31 January 2018 $'000	Half-year ended 31 January 2017 $'000
Reconciliation of profit/(loss) before income tax expense		
(LBITDA)/EBITDA	(1,508)	7,599
Depreciation and amortisation	(79)	(83)
Depreciation and amortisation on COGS	(3,420)	(2,307)
Interest income	2	8
Finance costs	(79)	(316)
(Loss)/profit before income tax expense	(5,084)	4,901

Note 4. Expenses

	Half-year ended 31 January 2018 $'000	Half-year ended 31 January 2017 $'000
Corporate and other administration costs		
Administration expenses	321	330
Net employee benefits expense[1]	400	311
Corporate costs	50	55
Directors' fees	92	76
Depreciation and amortisation expense	79	83
	942	**855**

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

	Half-year ended 31 January 2018 $'000	Half-year ended 31 January 2017 $'000
Finance costs		
Amortisation of debt establishment costs	18	239
Interest expense	45	50
Finance charges under finance leases	-	1
Bank fees	16	26
	79	**316**

Note 5. Mine Development and Exploration Expenditure

	Mine Development $'000	Exploration & Evaluation $'000
As at 31 July 2017		
Cost	**-**	**33,913**
Half-year ended 31 January 2018		
Opening carrying amount	-	33,913
Additions	-	1,455
Impairment	-	(108)
Carrying amount at the end of the period	**-**	**35,260**
As at 31 January 2018		
Cost	**-**	**35,260**

Note 6. Property, Plant and Equipment

	Land $'000	Plant & Equipment $'000	Total $'000
As at 31 July 2017			
Cost	2,241	12,065	14,306
Accumulated depreciation	-	(5,028)	(5,028)
Net book amount	**2,241**	**7,037**	**9,278**
Included in above			
Carrying amount of leased assets	-	22	22
	-	**22**	**22**
Half-year ended 31 January 2018			
Opening net book amount	2,241	7,037	9,278
Additions	-	192	192
Disposals	-	(15)	(15)
Depreciation expense	**-**	(3,499)	(3,499)
Closing net book amount	**2,241**	**3,715**	**5,956**
As at 31 January 2018			
Cost	2,241	12,137	14,378
Accumulated depreciation	-	(8,422)	(8,422)
Net book amount	**2,241**	**3,715**	**5,956**
Included in above			
Carrying amount of leased assets	**-**	20	20
	-	**20**	**20**

	31 January 2018	31 July 2017
Depreciation expense has been allocated as follows:		
Charged to inventory	-	77
Charged to cost of goods sold	3,420	1,297
Charged to Profit/(Loss)	79	164
	3,499	**1,538**

Note 7. Non-current Other Receivables

Relates to a rehabilitation liability assumed by an unrelated entity (refer to Note 8).

Note 8. Non-current Provisions

Included in non-current provisions is a rehabilitation provision of $1.020 million (31 Jul 2017: $1.020 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 a non-current receivable of $1.020 million (31 July 2017: 1.020 million).

Note 9. Issued Capital

During the financial half-year ended 31 January 2018, the Company announced a 1 for 7 renounceable pro rata rights issue. As a result of the rights issue, 28.202 million listed shares and 13.589 million listed options were issued. In addition to the rights issue, a $2.000 million placement resulted in 6.565 million listed shares and 0.800 million unlisted options being issued to Bergen Global Opportunity Fund, LLC. The unlisted options were vested upon granting, expire on 6 October 2019 and have been valued at $0.038 million and included in the Share-based Payments Reserve balance within the financial statements.

As at 31 January 2018 there were 218.199 million listed shares on issue, as well as 13.589 million listed options and 7.825 million unlisted options.

During the prior financial 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.

No unlisted share options were issued to Directors or employees in either the current or prior financial half-year periods.

Note 10. 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 2017: $Nil).

Note 11. Contingent and Capital Commitments

No changes to disclosure in Note 27 of the 31 July 2017 Annual Report other than as noted below.

(a) Exploration expenditure commitments

On 31 December 2017, the Amalgamated Expenditure Arrangement with the Department of Energy and Mines of South Australia (the regulator of exploration tenements in South Australia) expired and all conditions were met. The Group is currently in discussions with the regulator regarding the Amalgamated Expenditure Arrangement commencing on 1 January 2018.

(b) Guarantee and indemnity commitments

The bank guarantee facility of $0.050 million provided to the Group by its banker, for the provision of various rehabilitation bonds, was reduced to $0.030 million to reflect the actual amount used under the facility.

Note 12. Subsequent Events

Subsequent to 31 January 2018, Havilah reached an agreement with Bergen Global Opportunity Fund II, LLC and received $0.761 million as the final settlement of the funding agreement with Bergen. The fair value of the asset at 31 January 2018 was $0.748 million.

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

Note 13. Key Management Personnel

Remuneration arrangements of Key Management Personnel are disclosed in the Annual Financial report.

During the half year ended 31 January 2018, several changes to the position and remuneration of Key Management Personnel took place.

Dr Chris Giles and the Board of Directors agreed that, effective 16 November 2017, Dr Giles would step down from the role of Managing Director. Dr Giles remains on the Havilah Board of Directors as Executive Director - Technical.

Additionally, Mr Walter Richards, previously Chief Financial Officer and Company Secretary, assumed the role of Chief Executive Officer effective 16 November 2017.

There was no change to remuneration packages as a result of these changes.

Mr Paul Mertin resigned as Non-Executive Director effective 12 December 2017 and Mr Mark Stewart was appointed in his place.

Mr Stewart's remuneration is $50,000 per annum and he has been granted 600,000 unlisted options with an exercise price of $0.40 expiring in December 2020.

Effective 8 December 2017, Ms Claire Redman, Havilah's Business Manager, assumed the additional position of Company Secretary, with no resulting remuneration changes.

Note 14. Changes to Joint operations

Portia Gold Mine Joint Operation with CMC

On 6 January 2015 the Group entered into a mining and processing agreement with CMC to develop the Portia Gold Mine. Up until 16 November 2017, CMC was responsible for funding and performing mining operations and delivery of the gold ore to the surface stockpile at its sole expense and risk. The Group was then responsible for processing the ore and producing gold ingots for delivery to a refiner at its sole expense. Revenue (or physical gold) was then shared 50:50 for all gravity recoverable gold mined from the Portia gold deposit.

On 16 November 2017, the mining and processing agreement was restructured and CMC assumed responsibility for all mining, processing, and day-to-day management of Portia.

The revised agreement results in the 50:50 revenue sharing arrangement reverting to a 15:85 gold revenue stream, with all mining, processing, and capital expenses to be met by CMC. Payment of a 1% revenue royalty to a previous corporate owner of the mining tenement, the State Government royalty and gold refining costs is met by both parties in a 15:85 split.

No change has been made to the rehabilitation obligations (a bank guarantee continues to be provided by CMC in support of the Group meeting 50% of its rehabilitation bond requirement set by the Minister for Mineral Resource and Energy and CMC is responsible for all site rehabilitation). The Group remains solely responsible for access payments to the landholder and to the native title claimants.

Directors' Declaration

For the Financial Half-Year Ended 31 January 2018

The Directors declare that:

1. In the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 10 to 20, 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 2018 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 Board of Directors.

On behalf of the Directors:

Kenneth Williams

Non-executive Chairman

15 April 2018

Auditor’s Independence Declaration

For the Financial Half-Year Ended 31 January 2018

Deloitte.

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15 April 2018

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

Dear Board Members

Havilah Resources Limited

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

As lead audit partner for the 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Deloitte.

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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 2018, 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 10 to 21.

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 2018 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 2018 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.*

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that for the half-year ended 31 January 2018, the consolidated entity incurred a net loss of $5,190,000 and experienced net cash outflows from operating activities of $1,202,000 and investing activities of $3,088,000.

These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 15 April 2018

FORWARD LOOKING STATEMENT

This Financial Half-Year Report prepared by Havilah Resources Limited 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 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 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 this Financial Half-Year 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 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.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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