



# **HAVILAH RESOURCES LIMITED**

**ABN 39 077 435 520**



## **ANNUAL REPORT 2020**

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### Forward-looking Statements

This Annual 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(s)', 'intend(s)', 'plan(s)', 'estimate(s)', 'anticipate(s)', 'continue(s)', 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. Given the ongoing uncertainty relating to the duration and extent of the global COVID-19 pandemic, and the impact it may have on the demand and price for commodities (including gold), on our suppliers and workforce, and on global financial markets, the Company continues to face uncertainties that may impact on its operating activities, financing activities and/ or financial results.

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

### Key Strengths

- An advanced stage multi-commodity mineral portfolio located in northeastern South Australia, near Broken Hill.
- A successful exploration discovery track record combined with an unmatched ground position in a proven world class geological terrain-the Curnamona Craton that is host to the giant Broken Hill orebody.

### Key Assets

#### Copper–gold–cobalt

- **Kalkaroo:** Positive independent pre-feasibility ('PFS') study confirms Kalkaroo as one of the largest undeveloped open pit copper-gold deposits in Australia, based on a 100.1 million tonne JORC Ore Reserve (90% Proved) at a copper equivalent grade of 0.89%.
- **Mutooroo:** Comparatively high-grade open pit and underground copper deposit (1.53%) with appreciable cobalt (20,200 tonnes). One of the largest sulphide cobalt deposits in Australia with associated copper.
- Considerable exploration discovery upside 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 ore in close proximity to the transcontinental railway line. With its high yields (40%) and high iron recoveries (85%) the Maldorky iron ore is amenable to efficient upgrading to 65% Fe low impurity product that potentially could be suitable for pelletising.
- **Grants Basin:** An Exploration Target\* of 3.5-3.8 billion tonnes with a grade range of 24-28% Fe (using an 18% iron assay cut-off grade) covering only 25% of the known 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.

#### Conflict-free, strategic and critical minerals

- Rare earth element ('REE'), molybdenum and tungsten potential, in association with existing JORC Mineral Resources for copper, gold, cobalt, tin, iron ore and uranium oxide.

#### Exploration upside

- Over 16,000 km<sup>2</sup> of mineral tenements in the Curnamona Craton, covering some of the most prospective and under-explored geological terrain in Australia for copper, gold, cobalt and iron ore. Refer to [haviilah-resources-projects.com/exploration](http://haviilah-resources-projects.com/exploration) for further information.

#### Favourable logistics and infrastructure, low sovereign risk jurisdiction

- Located in northeastern South Australia in close proximity to the transcontinental railway line, Barrier highway and regional mining centre of Broken Hill with its skilled workforce. South Australia is a low sovereign risk jurisdiction, with a mining friendly government that actively encourages mineral exploration and development.

#### Experienced technical team

- Havilah's current technical team has an exceptional track record of exploration success (including discovery of 8 JORC Mineral Resources) and has developed and previously operated the Portia gold mine. Havilah operates its own drilling crew, which has been one of the keys to its successful exploration.

### Key Strategic Objectives

Havilah's **underlying objective** that guides all of its activities is to optimise returns to shareholders via strategic management of its multi-commodity mineral portfolio in South Australia, which is being achieved by:

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

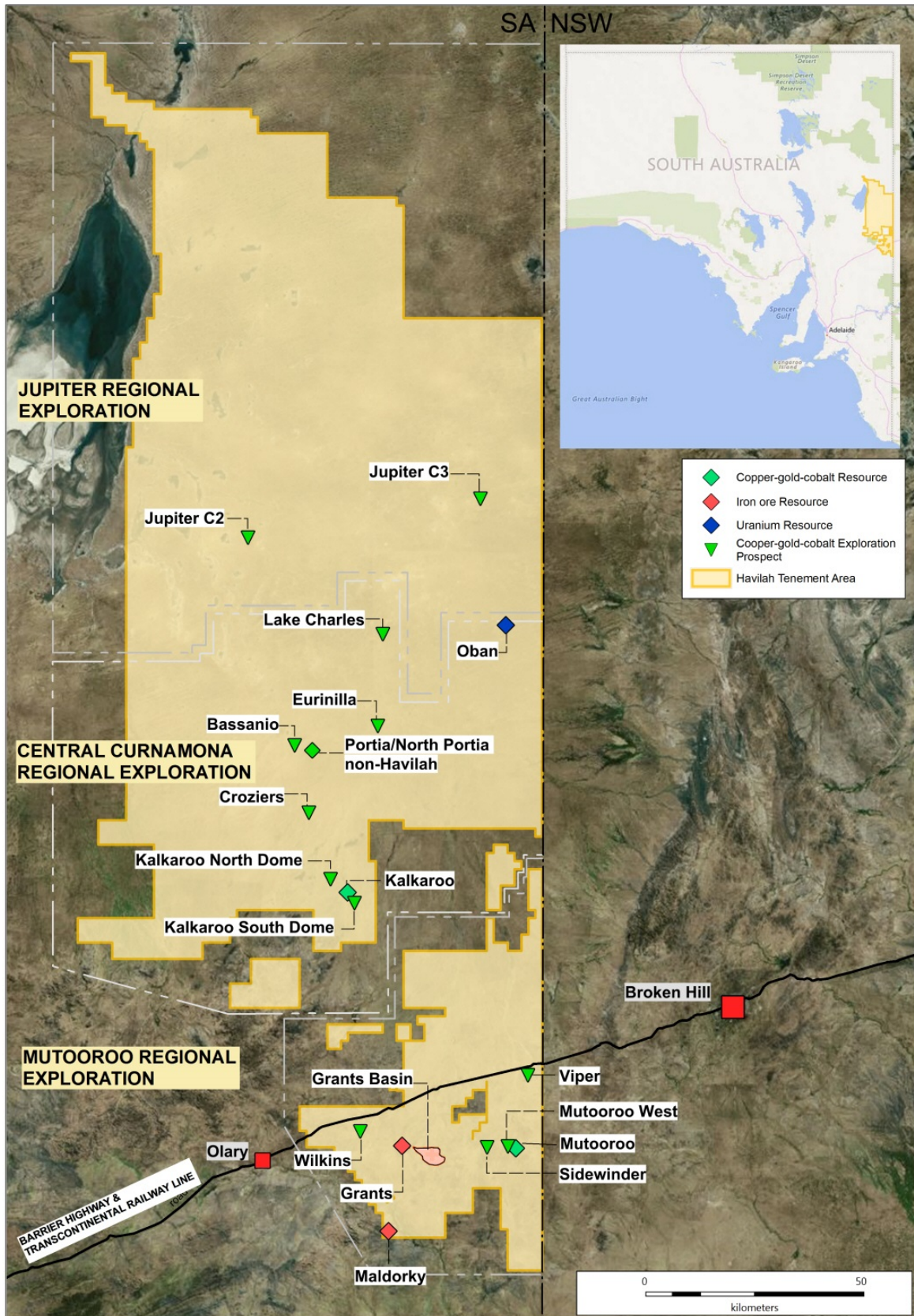
### Key Risks

Section 4 of the Non-Renounceable [Pro-Rata Entitlement Offer dated 17 October 2019](#) sets out key risks identified by the Board of Directors as being specific to the Company and its operations and reasonably anticipated by the Board. It is important to note that the risks listed are not an exhaustive list of the risks relevant to the Company.

Cover: Drilling at West Kalkaroo (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 or its subsidiaries.





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

## LETTER FROM THE BOARD OF DIRECTORS

The commitment last year by the restructured Board to reduce corporate overheads, rejuvenate exploration, repay the Investec loan and recapitalise the Company via a rights issue have been successfully achieved with the support of shareholders. As a consequence, Havilah has been able to continue with its strategic drilling program at West Kalkaroo in spite of unprecedented restrictions and hardships experienced by many businesses and individuals caused by the COVID-19 pandemic.

The collateral escalation in the gold price, and more recently the copper price, have been beneficial to Havilah in improving project mining economics and investor sentiment. The copper and gold combination in Havilah's projects is highly advantageous, as these metals are natural hedges against each other – gold being driven to a large extent by uncertainty and instability and copper by stable industrial production and economic development.

Given Kalkaroo is a large gold deposit in its own right (resources >3.1 million ounces), and recognising the high Australian dollar gold price, the Board considered it prudent to focus the initial 2020 drilling campaign on better defining the shallow gold resources at Kalkaroo. This was the right decision because Kalkaroo provides Havilah shareholders with significant leverage to current high gold prices and anticipated future improved copper prices. Havilah's strategy to focus on fast-track development of the gold-only starter open pit at West Kalkaroo is designed to capitalise on gold mining profitability and financing ability at the present time.

We note that low sovereign risk, advanced, large-scale open pit copper-gold development opportunities like Kalkaroo, with associated land ownership, are rare at a time when renewable energy and electric vehicles are adding to the demand for copper and cobalt.

Moreover, South Australia's low sovereign risk, mining friendly government and high ESG (environmental, social and governance) ranking makes the Kalkaroo copper-gold project a potentially more attractive mining investment proposition compared to many offshore copper-gold projects. This has been brought more sharply into focus by the COVID-19 pandemic, which has forced the suspension of many offshore projects in higher risk locations.

We are excited by the fact that the Curnamona Craton is shaping as a potentially major new source for the critical minerals REE, cobalt and tungsten. These critical minerals are all closely associated with widespread copper-gold mineralisation discovered in the region by Havilah. Subject to the results of studies in progress, these critical minerals could be produced as by-products of large-scale open pit copper-gold mining operations (such as the Kalkaroo copper-gold project), which could underpin continuity of supply. This is of paramount importance for critical minerals, which are the feedstock for downstream modern age products that in many cases are of key strategic importance for national security. Again, when COVID-19 emerged, it reminded industry and nations why supply chain diversification and self-reliance are important.

The Board remains committed to maximising the returns to shareholders through judicious management of its multi-commodity mineral portfolio. Our objective of attracting major joint venture or acquisition partners for Havilah's projects has been temporarily delayed by the COVID-19 linked travel restrictions that have prevented visits by technical evaluation personnel from overseas or interstate, including site visits. While frustrating, the assets remain intact and are likely to become more attractive as metal prices rise.

We are resolved, at the appropriate time, to achieving the technical objectives stated last year, that have been delayed by COVID-19 restrictions, namely:

- delineation of 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;
- completion of 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 ('Magnetotelluric') anomaly target.

The Board continues to believe that in spite of the present world upheavals and economic uncertainty, we are likely heading into a favourable commodities cycle, especially for copper with its many uses and constrained production upside capacity. Havilah continues to be ideally leveraged to benefit from this potential up-cycle with its large JORC Mineral Resources and its two advanced copper mineral projects, with substantial gold and cobalt resources, along with its large and highly prospective exploration acreage.

We thank all shareholders, contractors and employees for their support and patience as we continue to position Havilah to realise the latent value in its mineral resources 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 2020 (the 'financial year'). All amounts are presented in Australian dollars. Havilah Resources Limited ('Havilah' or 'Company') is a public company limited by shares and is listed on the ASX. It is incorporated and domiciled in Australia.

### 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 – Chairman) 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:

#### **Mr Victor Previn** (Appointed 9 October 2019) *B.Eng*

Victor Previn is a professional engineer and one of the original founders of Nova Eye Medical Limited (formerly Ellex Medical Lasers Limited). It is listed on the Australian Securities Exchange ('ASX') as EYE. His career spans more than 32 years in the laser industry. Victor was responsible for developing and commercialising the technology platform that is now the core of Nova Eye Medical Limited's current production. He has spent more than 31 years in the ophthalmic laser industry travelling widely throughout Asia, Europe and the USA in a business development capacity. Victor is a long-term shareholder of Havilah Resources Limited and resides in Adelaide.

#### *Special Responsibilities*

Chairman of the Audit & Risk, Nomination and Remuneration Committees.

#### *Directorships of Other ASX Listed Entities During the Last Three Years*

Nova Eye Medical Limited.

#### *Havilah Ordinary Shares and Share Options*

2,275,153 fully paid ordinary shares.

#### **Mr Simon Gray** (Appointed 9 October 2019) *B.Ec (Com) CA*

Simon Gray 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 currently serves as the Company Secretary of Nova Eye Medical Limited (ASX: EYE), and Company Secretary and Chief Financial Officer of Vintage Energy Ltd (ASX: VEN). Simon is also 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 Australian Medical Research Foundation and is a Director of several unlisted companies. Simon is a resident of Adelaide.

#### *Special Responsibilities*

Member of the Audit & Risk, Nomination and Remuneration Committees.

#### *Directorships of Other ASX Listed Entities During the Last Three Years*

None.

#### *Havilah Shares and Share Options*

100,000 fully paid ordinary shares.

40,000 unlisted employee share options with an exercise price of \$0.22 expiring on 11 July 2023.



**DIRECTORS' REPORT****Directors** (continued)**Dr Christopher Giles** B.Sc (Hons), PhD, MAIG

Chris 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. Chris was 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 region of northeastern South Australia. As the Technical Director for Havilah Resources Limited, Chris 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. Chris is an Executive Director and continues to provide technical guidance within the business. Chris is a member of the Australian Institute of Geoscientists and is a resident of Adelaide.

*Special Responsibilities*

Member of the Audit & Risk, 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.

2,400,000 unlisted share options with an exercise price of \$0.36 expiring 12 December 2021.

**Mr Mark Stewart** (Ceased to be a Director on 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 Martin Janes** (Ceased to be a Director on 9 October 2019)

Mr Janes had been appointed to the Board on 2 January 2019. Mr Janes has a Bachelor of Economics and is member of the Australian Institute of Company Directors. He is a director of ASX Listed Maximus Resources Limited, and was formerly a director of Twenty Seven Co. Limited.

Directors held office during and since the end of the financial year unless otherwise stated.

**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).

Meeting	Board of Directors		Audit and Risk Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
<b>Director</b>								
Mr Victor Previn *	8	8	2	2	1	1	1	1
Mr Simon Gray *	8	8	2	2	1	1	1	1
Dr Christopher Giles	10	10	2	2	1	1	1	1
Mr Mark Stewart **	3	3	-	-	-	-	-	-
Mr Martin Janes **	3	3	-	-	-	-	-	-

**A.** The number of meetings held during the time the Director held office during the financial year.

**B.** The number of meetings attended during the time the Director held office during the financial year.

\* Messrs Previn and Gray were appointed Directors on 9 October 2019.

\*\* Messrs Stewart and Janes resigned as Directors on 9 October 2019.

## DIRECTORS' REPORT

### Company Secretary

Mr Simon Gray was appointed as Company Secretary on 29 January 2019.

Ms Claire Redman resigned as a Company Secretary effective 30 September 2019.

### Principal Activity

The principal activity of the Group during the financial year was 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's activities during the financial year are outlined in the Review of Operations below.

### Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Contributed equity increased by \$5,231,769 as the result of a successful non-renounceable pro-rata entitlement offer, issue of Shortfall Shares, the issue of ordinary shares via share placements and the issue of ordinary shares on the exercise of listed options. Details of the changes in contributed equity are disclosed in Note 19(b) to the consolidated financial statements.

Other than the matter noted above and those arising from the impacts of the COVID-19 pandemic discussed elsewhere in this Directors' Report, no other significant changes in the state of affairs of the Group have occurred.

### 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

At the date of this Directors' Report there are 270,945,680 ordinary shares and 17,319,255 unlisted share options outstanding. Details of share options outstanding over unissued ordinary shares in the Company are as follows:

Grant date	Number of share options	Exercise price per share option	Expiry date
11 December 2017 (Director <sup>1</sup> )	600,000	\$0.40	12 December 2020
1 November 2018 (Investec <sup>2</sup> )	5,000,000	\$0.234	1 November 2021
12 December 2018 (Director <sup>1</sup> )	2,400,000	\$0.36	12 December 2021
20 December 2018 (Investec <sup>2</sup> )	2,500,000	\$0.22	20 December 2021
11 July 2019 (Employee <sup>3</sup> )	3,317,651	\$0.22	11 July 2023
11 July 2019 (Employee <sup>3</sup> )	3,501,604	\$0.28	11 July 2023
Total	17,319,255		

<sup>1</sup> Unlisted share options issued to Directors.

<sup>2</sup> Unlisted share options issued under a funding agreement.

<sup>3</sup> Unlisted share options issued under the Performance Rights and Share Option Plan.

For details of share options issued to Directors and other key management personnel of the Group as remuneration, refer to the Remuneration Report in this Directors' Report.

Further details of the employee share option plan and share options granted during the current and prior financial years are disclosed in Note 27 to the consolidated financial statements.



## DIRECTORS' REPORT

### Review of Operations

Upon the appointment of two new Directors during October 2019, the Board of Directors moved promptly to recapitalise the Company via a non-renounceable pro-rata entitlement offer to eligible shareholders, which allowed the outstanding loan from Investec Australia Finance Pty Limited ('Investec') to be fully repaid. In turn, there was a major reduction in corporate overheads, and a re-direction of the management team's focus on value-adding technical activities, including drilling and project de-risking studies.

Most activities during the second half of the financial year centred around drilling of shallow gold resources at West Kalkaroo, which has been unhindered by the COVID-19 pandemic restrictions. Upon resumption of Native Title heritage clearance surveys of drilling sites, it will be possible to move to other drilling targets in the region.

Kalkaroo and Mutooroo provide Havilah shareholders with significant leverage to current high gold prices and anticipated future improved copper prices. The Board of Directors considers the outlook for copper as positive based on the likely increased demand associated with the shift to copper-intensive renewable energy sources, and the fundamental need for copper in the economy.

***Kalkaroo Copper-Gold-Cobalt Project (HAV 100% ownership, refer to Kalkaroo web page <https://www.havilah-resources-projects.com/kalkaroo>)***

The Kalkaroo project is Havilah's flagship mineral project, located approximately 400 kilometres ('km') northeast of Adelaide and 95 km northwest of the regional mining centre of Broken Hill with its skilled workforce, in proximity to the transcontinental railway line and Barrier highway. The project comprises several Mining Leases and hosts a 100.1 million tonne ('Mt') JORC Ore Reserve (classification: proved 90.2 Mt; probable 9.9 Mt) at a copper equivalent grade of 0.89%. It contains 474,000 tonnes of copper and 1.4 million ounces of gold that is capable of supporting a large-scale open pit mining operation. Havilah also owns the Kalkaroo Station pastoral lease, a non-mineral asset on which the Kalkaroo project is located, reducing land access risks for the project.

During the financial year Havilah continued updating the Kalkaroo PFS with improved metal recoveries (resulting from extensive new metallurgical studies), revised Australian dollar metal prices and re-optimised mining schedules and plant throughputs. This work was overtaken to some extent by the rapid escalation in the gold price during early 2020, which had more effect on the project economics than any other factor, particularly given the markedly improved gold recoveries in the oxidised ore types. Using the recent spot gold price of US\$1,900 per ounce and the existing PFS financial model, it indicated an almost doubling of the Kalkaroo project PFS pre-tax NPV<sub>7.5%</sub> to \$1 billion ([refer to ASX announcement of 29 July 2020](#)).

**Table 1** Pre-tax NPV<sub>7.5%</sub> value matrix in AUD million for variable USD copper and gold prices at AUD:USD 0.75.

		Gold price USD/oz and AUD/oz (at AUD:USD exchange rate of 0.75)											
		USD	\$1,200	\$1,300	\$1,400	<b>\$1,500</b>	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000	\$2,100	\$2,200
		AUD	<b>\$1,600</b>	<b>\$1,733</b>	<b>\$1,867</b>	<b>\$2,000</b>	<b>\$2,133</b>	<b>\$2,267</b>	<b>\$2,400</b>	<b>\$2,533</b>	<b>\$2,667</b>	<b>\$2,800</b>	<b>\$2,933</b>
Copper price USD/lb & AUD/lb	2.50	<b>3.33</b>	\$308	\$376	\$445	\$514	\$582	\$651	\$719	\$788	\$857	\$925	\$994
	2.70	<b>3.60</b>	\$438	\$506	\$575	\$643	\$712	\$781	\$849	\$918	\$986	\$1055	\$1124
	<b>2.89</b>	<b>3.85</b>	\$564*	\$633	\$701	<b>\$770*</b>	\$839	\$907	\$976	<b>\$1044*</b>	\$1113	\$1182	\$1250
	3.10	<b>4.13</b>	\$698	\$766	\$835	\$903	\$972	\$1040	\$1109	\$1178	\$1246	\$1315	\$1383
	3.30	<b>4.40</b>	\$827	\$896	\$965	\$1033	\$1102	\$1170	\$1239	\$1308	\$1376	\$1445	\$1513
	3.50	<b>4.67</b>	\$957	\$1026	\$1094	\$1163	\$1232	\$1300	\$1369	\$1437	\$1506	\$1575	\$1643
	3.70	<b>4.93</b>	\$1087	\$1156	\$1224	\$1293	\$1362	\$1430	\$1499	\$1567	\$1636	\$1705	\$1773
	3.90	<b>5.20</b>	\$1217	\$1286	\$1354	\$1423	\$1491	\$1560	\$1629	\$1697	\$1766	\$1834	\$1903
	4.10	<b>5.47</b>	\$1347	\$1416	\$1484	\$1553	\$1621	\$1690	\$1759	\$1827	\$1896	\$1964	\$2033

\* NPV<sub>7.5%</sub> from Kalkaroo project PFS (green) compared with that at recent long-term forecast (orange) and recent spot gold price (yellow), as calculated by the PFS financial model. NPV ('Net Present Value') is a measure of discounted cash flow valuation in this case using a discount rate of 7.5%.

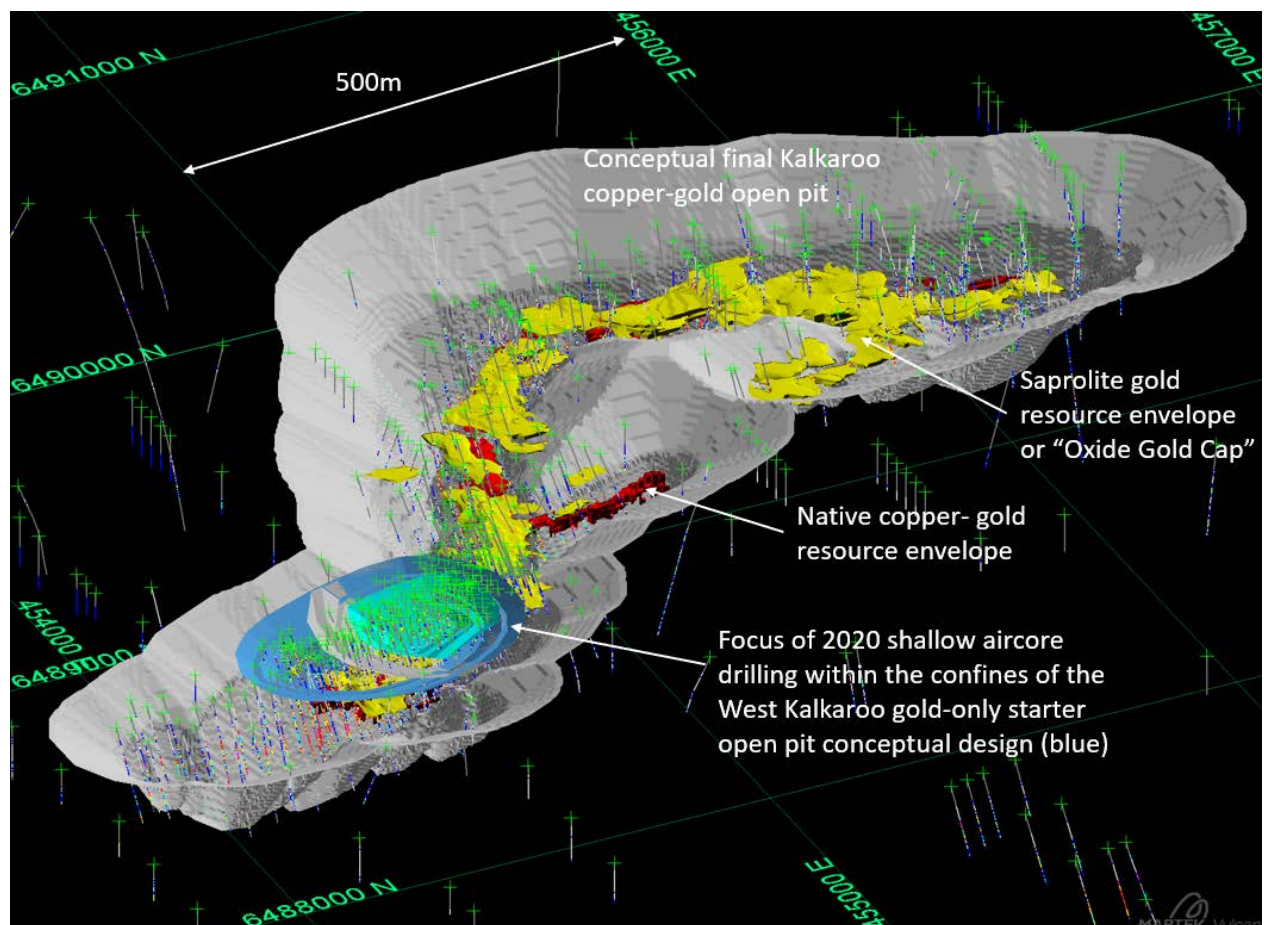
## DIRECTORS' REPORT

### Review of Operations (continued)

#### Kalkaroo Copper-Gold-Cobalt Project (continued)

1. The above pre-tax NPV<sub>7.5%</sub> value matrix exchange rate was set at an earlier long-term forecast AUD:USD 0.75 exchange rate, whereas over the past 12 months the AUD:USD exchange rate has mostly been below that rate.
2. No account has been taken of improved gold recoveries in the oxidised ore types, namely saprolite gold and native copper, from around 50% in the PFS to >90% based on Havilah's more recent metallurgical test work (refer to ASX announcement of 9 May 2019).
3. Open pit optimisations have not been re-run for higher long-term forecast gold prices. On the basis that lower grades of ore can be profitably treated if metal prices are higher, it is reasonable to assume (based on constant cost inputs) that re-optimisation would result in a larger open pit and hence improved mining economics and a longer mine life. For Table 1, the published PFS open pit optimisation and PFS financial model have been used.
4. The potential revenue contribution from other by-product commodities such as cobalt, REE and molybdenum has not been considered as yet due to uncertain recovery pathways.

The higher Australian gold price has meant that commencement of West Kalkaroo as a shallow gold-only open pit potentially became a realistic development option. Accordingly, Havilah focused its drilling efforts during the financial year at West Kalkaroo where it has completed over 90 aircore drillholes for a total of over 8,000 metres, mostly within the limits of a conceptual starter open pit (Figure 1). The objective was to gain greater confidence in the shallow gold resources (particularly the gold grade and gold distribution) at West Kalkaroo, which has now largely been achieved with drilling nominally on 25 metre x 25 metre spacing for the shallowest saprolite gold zone. This area was chosen because of the comparatively shallow overburden and extensive faulting and associated brecciation that has enhanced gold (and copper) grades. Recent ASX announcements have reported many encouraging gold intersections from this drilling, that are generally above the estimated resource grades for this area (refer to ASX announcements of [12 May 2020](#) and [24 June 2020](#)).



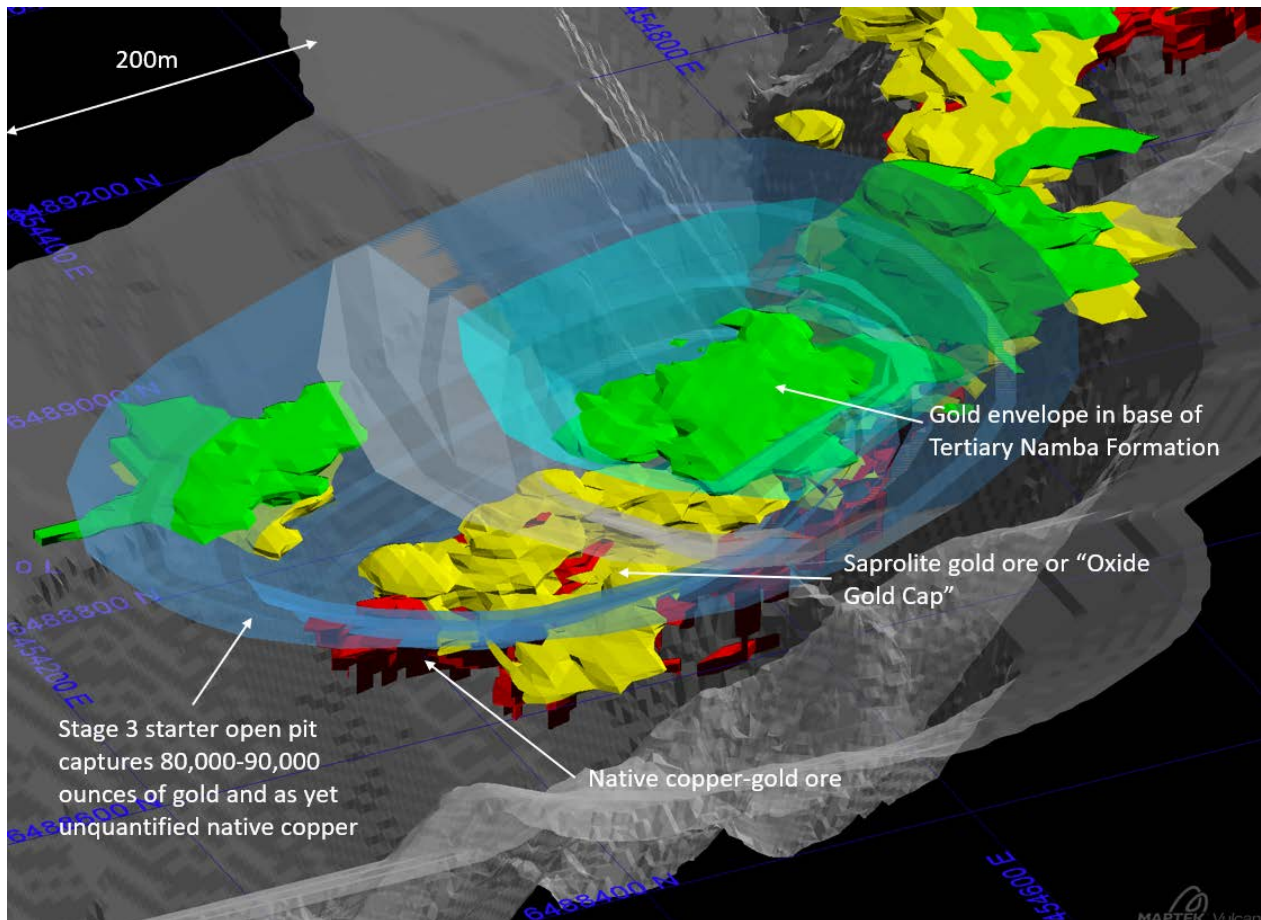
**Figure 1** Area of drilling during the financial year within the confines of the conceptual starter open pit at West Kalkaroo in relation to the greater Kalkaroo copper-gold deposit.

## DIRECTORS' REPORT

### Review of Operations (continued)

#### **Kalkaroo Copper-Gold-Cobalt Project (continued)**

Havilah has incorporated the new drilling results into the design of a 3 stage gold-only starter open pit at West Kalkaroo, based on the published Kalkaroo JORC Ore Reserve. The stage 3 optimised open pit design is estimated to contain approximately 80,000-90,000 ounces of gold (plus some native copper) after removal of an estimated 7-8 million cubic metres of soft free-dig overburden (Figure 2). Presently, this technical information is being used to obtain firm mining quotes from mining contractors to assist in determining project feasibility.



**Figure 2** Stages 1, 2 and 3 of the gold-only starter open pit at West Kalkaroo.

The results of Havilah's comprehensive metallurgical studies for the oxidised saprolite gold and native copper ores have enabled design of a preferred gold processing plant. Capital and operating costs for the gold plant are being determined by a Melbourne-based mining process engineering firm. In parallel, Havilah's technical personnel are currently working towards completion and lodgement of the final environmental approvals documentation for the gold-only starter open pit option, which closely aligns with the scope of the September 2014 approved Kalkaroo Copper-Gold Mining Lease Proposal and Management Plan. Havilah has a robust understanding of the mining, geotechnical and materials handling aspects of the oxidised overburden and ore based on its earlier Portia gold mining experience.

It should be noted that Havilah has already secured the required mining permits for Kalkaroo (Mining Leases and Miscellaneous Purposes Licences). It also owns the surrounding Kalkaroo Station pastoral lease, providing unrestricted access.

Directors consider this gold-only, lower capital expenditure strategy is more likely to attract financing for West Kalkaroo and could in turn enhance the future development prospects of the much larger Kalkaroo copper-gold sulphide mining project. This approach has a high degree of optionality as the Kalkaroo project sulphide copper production could be initiated at any time after completion of the West Kalkaroo Stage 3 open pit, subject only to sufficient capital being available.



## DIRECTORS' REPORT

### Review of Operations (*continued*)

**Mutooroo Copper-Cobalt-Gold Project (HAV 100% ownership, refer to Mutooroo web page <https://www.havilah-resources-projects.com/mutooroo>)**

The Mutooroo project is a lode-style massive sulphide copper and cobalt deposit, located approximately 60 km southwest of Broken Hill, and 16 km south of the transcontinental railway line and Barrier highway. It contains 195,000 tonnes of copper, 20,200 tonnes of cobalt and 82,100 ounces of gold in Measured, Indicated and Inferred JORC Mineral Resources. The project comprises three main tenements, in addition to a number of surrounding exploration tenements, collectively referred to as the Mutooroo Copper-Cobalt District.

During the financial year a new cobalt and gold Inferred JORC Mineral Resource was estimated for Mutooroo of 6.683 Mt of 0.17% cobalt and 0.17 g/t gold. When added to the existing Measured and Indicated JORC Mineral Resources ([refer to ASX announcement of 18 October 2010](#)), the total combined Mutooroo sulphide resource is 12.53 Mt of 1.53% copper, 0.16% cobalt and 0.20 g/t gold for a total 20,000 tonnes of cobalt and 80,600 ounces of gold. The 0.16% cobalt grade confirms Mutooroo as one of the highest grade sulphide cobalt deposits associated with copper in Australia. It also expands Havilah's total cobalt metal inventory to 43,400 tonnes (Kalkaroo + Mutooroo), with appreciable upside potential.

This new resource estimate was based on re-sampling and re-assaying of drillcore from five historic Mines Exploration Pty Ltd ('MEPL') diamond drillholes that were available in the South Australian Drill Core Reference Library that is maintained by the South Australian government ([refer to ASX announcement of 5 June 2020](#)). There is good potential to convert the deeper Inferred JORC Mineral Resources to Indicated and Measured JORC Mineral Resources by infill drilling between the earlier widely spaced, diamond drill intersections. Thus far, only approximately 700 metres of the more than 2,000 metres strike of the sulphide mineralisation at Mutooroo has been drilled to JORC Measured and Indicated resource status by Havilah, predominantly to a depth of less than 200 metres.

Cobalt within the Mutooroo resource is contained within the iron sulphide minerals, pyrite and pyrrhotite. These minerals can be separated and concentrated during the copper sulphide concentration process. The cobalt-bearing iron sulphides are potentially an attractive grade cobalt feedstock for subsequent processing to recover cobalt, and also if feasible, significant amounts of associated gold and sulphur.

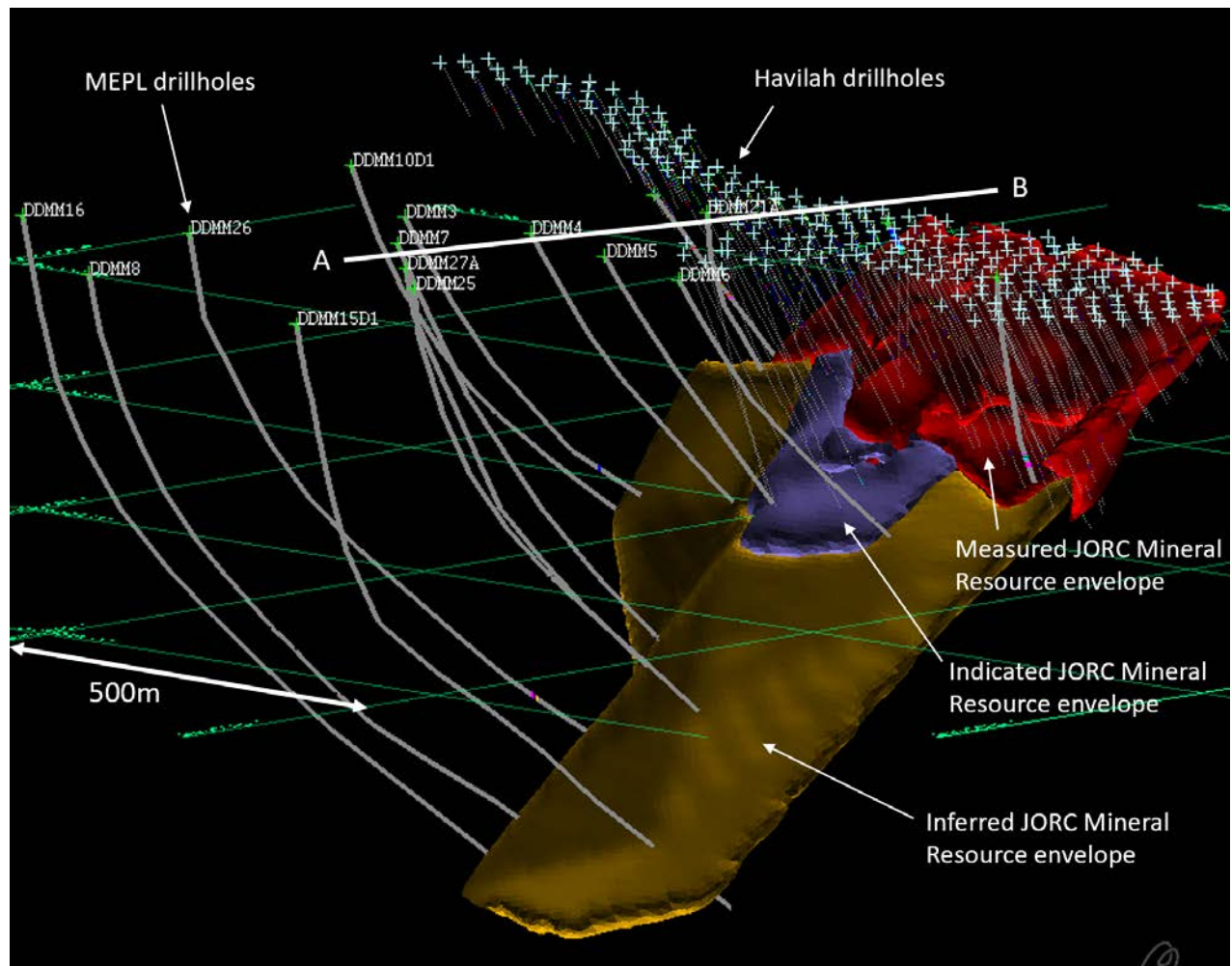
Like Kalkaroo, Mutooroo has high exploration potential for the discovery of additional copper-cobalt resources both along strike and at depth of the existing JORC Mineral Resource and in the immediately surrounding area. This was highlighted by several bedrock conductors, potentially representing massive sulphide bodies, identified by a consultant geophysicist who interpreted the results of a detailed, high resolution, airborne electromagnetic survey that was flown over Havilah's priority targets in the vicinity of the Mutooroo deposit ([refer to ASX announcement of 12 August 2019](#)).

The economics of Mutooroo as an open pit, and later as an underground, mining operation are favoured by comparatively high grades of copper (1.53%) and cobalt (0.16%) in the sulphide ore. The proposed Mutooroo PFS would focus on advancing Mutooroo as a standalone open pit copper-cobalt-gold mine by increasing the shallow open pit sulphide resource through further drilling. Additionally, Havilah will continue to investigate the best options for recovery of cobalt contained in the iron sulphide concentrates, to capture additional project revenue and so potentially improve returns from the Mutooroo project.



## DIRECTORS' REPORT

## Review of Operations (continued)

*Mutooroo Copper-Cobalt-Gold Project (continued)*

**Figure 3** Oblique 3D view of the Mutooroo deposit, showing the location of earlier MEPL diamond drillholes used for defining the Inferred JORC Mineral Resource envelope.

**Grants Basin, Maldorky and Grants Iron Ore Projects (HAV 100% ownership)**

The Maldorky project has a 147 Mt of 30.1% iron JORC Mineral Resource (Indicated) at an 18% iron cut-off. It is located approximately 90 km southwest of Broken Hill, and 26 km south of the transcontinental railway line and Barrier highway. The iron ore resource is contained in a flat tabular deposit with a thin overburden, making it well suited to an open pit mining operation. The Mining Lease application has been accepted by the Department for Energy and Mining, pending finalisation of a Native Title Mining Agreement.

The Grants iron ore deposit contains 304 Mt of 24% iron JORC Mineral Resource (Inferred) at an 18% iron cut-off. The lack of overburden and geometry of the deposit is favourable for an open pit mining operation. It is located approximately 80 km west-southwest of Broken Hill, and 8-10 km south of the transcontinental railway line and Barrier highway. Only 1 km east is the potentially large Grants Basin iron ore deposit containing an Exploration Target\* of 3.5-3.8 billion tonnes of 24-28% iron. The western end of this exploration target crops out as a solid mass of iron ore at least 270 metres thick from surface. In order to convert a portion of this Exploration Target to a JORC Mineral Resource, Havilah plans to undertake a resource delineation drilling program before year end pending re-commencement of Native Title heritage surveys in the region, currently suspended due to COVID-19 pandemic concerns. The purpose is to delineate a maiden JORC Mineral Resource for an open pit to approximately 200 metres depth that can form the basis for a scoping study.

\* 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.

## DIRECTORS' REPORT

### Review of Operations (*continued*)

#### **Exploration Strategy**

Havilah has a large under-explored tenement holding in the Curnamona Craton in northeastern South Australia that is prospective for a variety of commodities including several critical minerals such as cobalt, REE and tungsten ([refer to ASX announcement of 28 July 2020](#)). Havilah's objective is to maintain an active program of exploration work on its projects and prospects that have the most potential for new discoveries. Due to unexpected COVID-19 pandemic restrictions, much of the intended exploration drilling program planned for 2020 has been delayed due to an inability to carry out Native Title heritage clearance surveys for the drill sites. Fortunately, drilling at Kalkaroo and other exploration project work have been able to continue, with positive outcomes on several fronts as summarised below.

**Rare Earth Potential Highlighted for Kalkaroo Project and Other Prospects (HAV 100% ownership, refer to REE web page [www.havilah-resources-projects.com/rareearthelements](http://www.havilah-resources-projects.com/rareearthelements))**

During the financial year, re-assaying selected retained drill samples from the Kalkaroo project and the Croziers copper prospect has confirmed significantly elevated levels of REE ([refer to ASX announcement of 7 January 2020](#)). The REE re-assaying was prompted by Havilah's new management team's technical review of limited REE data that was available from earlier MMG Limited joint venture diamond drillholes on several Havilah prospects (including Eurinilla and Birksgate), along with compilation of Lanthanum and Neodymium data from a limited number of Havilah drillholes.

This was subsequently confirmed in a twinned aircore drillhole from West Kalkaroo (KKAC0491) that returned 20 metres of 4,152 ppm TREO\*, 1.57 g/t gold and 0.58% copper from 62-82 metres. This included 10 metres of 6,746 ppm TREO from 62 to 72 metres, with the higher value REE, namely Dysprosium (**Dy**) + Neodymium (**Nd**) + Praseodymium (**Pr**) + Terbium (**Tb**), comprising 29% of the TREO ([refer to ASX announcement of 23 April 2020](#)).

*\*Total rare earth oxides ('TREO') is the industry standard and accepted norm for reporting REE and is based on the sum of the estimated grades for the following 15 rare earth oxides: La<sub>2</sub>O<sub>3</sub>, CeO<sub>2</sub>, Pr<sub>6</sub>O<sub>11</sub>, Nd<sub>2</sub>O<sub>3</sub>, Sm<sub>2</sub>O<sub>3</sub>, Eu<sub>2</sub>O<sub>3</sub>, Gd<sub>2</sub>O<sub>3</sub>, Tb<sub>4</sub>O<sub>7</sub>, Dy<sub>2</sub>O<sub>3</sub>, Ho<sub>2</sub>O<sub>3</sub>, Er<sub>2</sub>O<sub>3</sub>, Tm<sub>2</sub>O<sub>3</sub>, Yb<sub>2</sub>O<sub>3</sub>, Lu<sub>2</sub>O<sub>3</sub> and Y<sub>2</sub>O<sub>3</sub>. ([Refer to Appendix 1 in ASX announcement of 23 April 2020 for further details](#)).*

Havilah was awarded an Accelerated Discovery Initiative ('ADI') grant by the South Australian government that provides matching funding of \$150,000 to drill, sample and test REE mineralisation at Kalkaroo and in the vicinity of the Croziers copper prospect ([refer to ASX announcement of 26 June 2020](#)). An important aspect of this work is a collaborative research project with the Future Industries Institute at the University of South Australia to determine the mineral phase that is hosting the REE and what separation methods can be effectively applied to recover the REE-hosting minerals to produce a saleable product ([refer to ASX announcement of 1 June 2020](#)).

This proposal is closely aligned with the Commonwealth government's [Critical Minerals Strategy 2020](#), which recognised security of the critical minerals supply chain (including REE, cobalt and tungsten) as a high priority for government backing and support. It also accords with the South Australian government's ambition to grow future battery and emerging minerals industries and transform them into a significant source of economic development, diversification, jobs and skills.

The value upside for Havilah is that if REE can be economically recovered in a mineral concentrate as a by-product of the standard copper and gold recovery processes it potentially provides a further revenue stream for the Kalkaroo copper-gold project. This could potentially happen at an early stage in the project because of the comparatively shallow depths of the combined REE and copper-gold mineralisation.

## DIRECTORS' REPORT

### Review of Operations (*continued*)

#### ***Jupiter MT Anomaly Target (HAV 100% ownership)***

Jupiter is a major unexplained MT conductive zone located in the north of Havilah's tenement holding that is analogous to that seen extending to depth below Olympic Dam. During the financial year a gravity survey in the vicinity of the Jupiter MT target was undertaken that covered the Jupiter C2 conductive zone (the interpreted mineralising fluid pathway). Interpretation of this new gravity survey data confirms an earlier recognised circular gravity anomaly and highlights several other features of potential exploration interest. It also provides independent corroborative support for Jupiter as an exciting conceptual copper-gold target ([refer to ASX announcement of 24 January 2020](#)).

Havilah was successful in obtaining a further ADI grant that provided matching funding of \$125,000 primarily to collect more detailed MT data over the Jupiter conductive zone that will assist in drill-targeting, plus orientation MT data over the major mineralised Kalkaroo fault zone ([refer to ASX announcement of 26 June 2020](#)).

This work will involve collaboration with Professor Graham Heinson's University of Adelaide team who will conduct the MT survey work and process and interpret the data as an extension of their previous collaborative research work with Havilah during 2017. Havilah will provide the logistical and financial support for this work as well as be responsible for gathering the other independent geophysical data sets.

The basic premise is that the geological setting of the poorly explored northern Curnamona Craton is highly conducive to the formation of major copper deposits. The ultimate objective of this work is to determine whether Jupiter is indicative of a mineralisation feeder to a copper-gold deposit as on the Gawler Craton. Discovery of new copper-gold mineralisation by this method would be a major breakthrough and give impetus to new exploration initiatives in the Curnamona Craton, with important future economic benefits for the State of South Australia.

#### **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 this Annual Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included. Details that could give rise to likely material detriment to Havilah, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage has not been included.

## DIRECTORS' REPORT

## JORC Ore Reserves as at 31 July 2020

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

## JORC Mineral Resources as at 31 July 2020

Project	Classification	Resource Category	Tonnes	Copper %	Cobalt %	Gold g/t	Copper tonnes	Cobalt tonnes	Gold ounces	
Mutooroo <sup>2</sup>	Measured	Oxide	598,000	0.56	0.04	0.08				
	<b>Total</b>	<b>Oxide</b>	<b>598,000</b>	<b>0.56</b>	<b>0.04</b>	<b>0.08</b>	<b>3,300</b>	<b>200</b>	<b>1,500</b>	
	Measured	Sulphide Copper-Cobalt-Gold	4,149,000	1.23	0.14	0.18				
	Indicated	Sulphide Copper-Cobalt-Gold	1,697,000	1.52	0.14	0.35				
	Inferred	Sulphide Copper-Cobalt-Gold	6,683,000	1.71	0.17	0.17				
<b>Total</b>	<b>Sulphide Copper-Cobalt-Gold</b>	<b>12,529,000</b>	<b>1.53</b>	<b>0.16</b>	<b>0.20</b>	<b>191,700</b>	<b>20,000</b>	<b>80,600</b>		
<b>Total Mutooroo</b>			<b>13,127,000</b>				<b>195,000</b>	<b>20,200</b>	<b>82,100</b>	
Kalkaroo <sup>3</sup>	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				
	<b>Total</b>	<b>Oxide Gold Cap</b>	<b>21,680,000</b>			<b>0.74</b>			<b>514,500</b>	
	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				
	<b>Total</b>	<b>Sulphide Copper-Gold</b>	<b>223,800,000</b>	<b>0.49</b>		<b>0.36</b>	<b>1,096,600</b>		<b>2,590,300</b>	
	<b>Total Kalkaroo</b>			<b>245,480,000</b>				<b>1,096,600</b>		<b>3,104,800</b>
	Inferred	Cobalt Sulphide <sup>4</sup>	193,000,000		0.012			23,200		
<b>Total All Projects</b>		<b>All Categories (rounded)</b>	<b>258,607,000</b>				<b>1,291,600</b>	<b>43,400</b>	<b>3,186,900</b>	

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

Project	Classification	Tonnes (Mt)	eU3O8 (ppm)	Contained eU3O8 (Tonnes)
Oban <sup>7</sup>	Inferred	8	260	2,100

Numbers in above tables are rounded.

## Footnotes to 2020 JORC Ore Reserve and Mineral Resource Tables

<sup>1</sup> Details released to the ASX: 18 June 2018 (Kalkaroo)

<sup>2</sup> Details released to the ASX: 18 October 2010 and 5 June 2020 (Mutooroo)

<sup>3</sup> Details released to the ASX: 30 January 2018 and 7 March 2018 (Kalkaroo)

<sup>4</sup> Note that the Kalkaroo cobalt Inferred Resource is not added to the total tonnage

<sup>5</sup> Details released to the ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)

<sup>6</sup> Details released to the ASX: 5 December 2012 applying an 18% Fe cut-off (Grants)

<sup>7</sup> Details released to the ASX: 4 June 2009 a grade-thickness cut-off of 0.015 metre % eU3O8 (Oban)



## 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 <sup>1</sup>	Proved	90.2	0.48	0.44	430	1,282
	Probable	9.9	0.45	0.39	44	125
<b>Total</b>		<b>100.1</b>	<b>0.47</b>	<b>0.44</b>	<b>474</b>	<b>1,407</b>

## JORC Mineral Resources as at 31 July 2019

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Mutooroo <sup>2</sup>	Measured	Oxide	598,000	0.56	0.04	0.08				
	<b>Total</b>	<b>Oxide</b>	<b>598,000</b>	<b>0.56</b>	<b>0.04</b>	<b>0.08</b>	<b>3,300</b>	<b>200</b>	<b>1,500</b>	
	Measured	Sulphide								
	Indicated	Copper-Cobalt-Gold	4,149,000	1.23	0.14	0.18				
	Inferred	Sulphide	1,697,000	1.52	0.14	0.35				
Kalkaroo <sup>3</sup>	Inferred	Copper-Cobalt-Gold	6,683,000	1.71	ISD	ISD				
	<b>Total</b>	<b>Sulphide Copper-Cobalt-Gold</b>	<b>12,529,000</b>	<b>1.53</b>			<b>191,700</b>	<b>8,200</b>	<b>43,100</b>	
<b>Total Mutooroo</b>			<b>13,127,000</b>				<b>195,000</b>	<b>8,400</b>	<b>44,600</b>	
Kalkaroo <sup>3</sup>	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				
	<b>Total</b>	<b>Oxide Gold Cap</b>	<b>21,680,000</b>			<b>0.74</b>			<b>514,500</b>	
	Measured	Sulphide								
	Indicated	Copper-Gold	85,600,000	0.57		0.42				
	Inferred	Sulphide	27,900,000	0.49		0.36				
	<b>Total</b>	<b>Sulphide Copper-Gold</b>	<b>223,800,000</b>	<b>0.49</b>		<b>0.36</b>	<b>1,096,600</b>		<b>2,590,300</b>	
	<b>Total Kalkaroo</b>			<b>245,480,000</b>				<b>1,096,600</b>		<b>3,104,800</b>
	Inferred	Cobalt Sulphide <sup>4</sup>	193,000,000		0.012				23,200	
<b>Total All Projects</b>		<b>All Categories (rounded)</b>	<b>258,607,000</b>				<b>1,291,600</b>	<b>31,600</b>	<b>3,149,400</b>	

Project	Classification	Tonnes (Mt)	Iron (%)	Fe concentrate (Mt)	Estimated yield
Maldorky <sup>5</sup>	Indicated	147	30.1	59	40%
Grants <sup>6</sup>	Inferred	304	24	100	33%
<b>Total all projects</b>		<b>451</b>		<b>159</b>	

Project	Classification	Tonnes (Mt)	eU3O8 (ppm)	Contained eU3O8 (Tonnes)
Oban <sup>7</sup>	Inferred	8	260	2,100

Numbers in above tables are rounded.

ISD = Insufficient data.

## Footnotes to 2019 JORC Ore Reserve and Mineral Resource Tables

<sup>1</sup> Details released to the ASX: 18 June 2018 (Kalkaroo)

<sup>2</sup> Details released to the ASX: 18 October 2010 (Mutooroo)

<sup>3</sup> Details released to the ASX: 30 January 2018 and 7 March 2018 (Kalkaroo)

<sup>4</sup> Note that the Kalkaroo cobalt Inferred Resource is not added to the total tonnage

<sup>5</sup> Details released to the ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)

<sup>6</sup> Details released to the ASX: 5 December 2012 applying an 18% Fe cut-off (Grants)

<sup>7</sup> Details released to the ASX: 4 June 2009 a grade-thickness cut-off of 0.015 metre % eU3O8 (Oban)

## DIRECTORS' REPORT

### 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 Statements

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, a full-time employee 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 & Mineral Resource and the Mutooroo Inferred cobalt & gold Mineral Resources 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.

Except where explicitly stated, this Annual Report contains references to prior Exploration Targets and Exploration Results, all of which have been cross-referenced to previous ASX announcements made by Havilah. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant ASX announcements.

### COVID-19 Pandemic

During March 2020, the World Health Organisation declared the outbreak of COVID-19 as a pandemic. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. The imposition of governmental measures such as travel restrictions and border closings, stay-at-home and quarantine notices, and country lockdowns may have an impact on the Group's plans in terms of delays and the Group is unable to determine if it will have a material impact to its operations. Given the ongoing uncertainty relating to the duration and extent of the COVID-19 crisis, and the impact it may have on the demand and price for commodities (including gold), on our suppliers and workforce, and on global financial markets, the Company continues to face uncertainties that may impact its operating activities, financing activities and/ or financial results.

Havilah is abiding by all official directives, and continues to closely monitor the impacts of the COVID-19 virus on the health and wellbeing of its personnel, contractors and stakeholders. It has in place COVID-19 protocols and response plans to minimise the potential transmission of COVID-19. However, there are no guarantees that in the future further restrictions will not be required, or government mandated, as events continue to unfold relating to the COVID-19 pandemic.

On 2 April 2020 the South Australian government announced that committed exploration expenditure would be waived for twelve months, combined with a six month deferral of mineral exploration and geothermal licence fees, due to the impact of COVID-19 containment measures on the mining and exploration industry.

Issues associated with the COVID-19 pandemic have necessitated a re-evaluation of Havilah's exploration plans and priorities for the remainder of calendar year 2020 based in part on where its field personnel can safely and legally work. Drilling gold and copper resources on the mining lease at Kalkaroo continues to be the priority and indeed the only field activity that Havilah can safely undertake at the present time. The drilling crew is operating out of Havilah's exploration basecamp on Kalkaroo Station, which is a remote and relatively isolated location in northeastern South Australia, with minimal external contact.

Unfortunately, the above resulted in a delay in the other exploration activities as described in the Company's Interim Financial Report for the financial half-year ended 31 January 2020 ([refer to ASX announcement of 14 April 2020](#)) and as elaborated on in the 2019 AGM Technical Review presentation ([refer to ASX announcement of 18 December 2019](#)).

With the recent relaxation of COVID-19 travel restrictions imposed by the South Australian government, it is anticipated that Havilah will soon be able move to exploration activities outside of the mining lease at Kalkaroo and preparations are being made for this eventuality.

## DIRECTORS' REPORT

### Cash Flows

Operating activities resulted in net cash outflows of \$3,693,060 (2019: \$1,825,921) for the financial year, predominantly for payments to suppliers and employees, which included staff redundancy payments of \$342,752.

Net cash outflows from investing activities of \$1,086,493 (2019: net cash inflows \$1,714,579) for the financial year were primarily associated with payments for exploration and evaluation expenditure of \$966,946 on the Group's exploration projects. The prior financial year net cash inflows were influenced from proceeds of \$6,000,000 from the sale of the Benagerie Gold Pty Limited subsidiary (Portia mine and North Portia project).

Financing activities resulted in net cash inflows of \$2,443,631 (2019: \$2,085,084) for the financial year, predominantly associated with proceeds from issue of new ordinary shares of \$5,273,978 and proceeds from borrowings of \$79,291; partially offset by principal element of lease payments of \$205,734 and repayment of loans including the Investec loan of \$2,500,000 that was fully repaid during the financial year.

The financial year ended with a net decrease in cash and cash equivalents of \$2,335,922 (2019: net increase \$1,973,742).

### Financial Position

At the end of the financial year the Group had a cash and cash equivalents balance of \$1,483,724 (31 July 2019: \$3,819,646).

The Group's working capital, being current assets less current liabilities, increased from a net current asset deficiency of \$2,050,297 as at 31 July 2019 to a surplus of \$69,013 as at 31 July 2020 predominantly as a result of the funds raised from the Entitlement Offer and the deferred income liability being de-recognised.

Exploration and evaluation expenditure carried forward increased during the financial year to \$36,244,499, primarily due to \$966,946 incurred on exploration tenements; partially offset by impairment of \$106,687 and amounts received from SIMEC Mining for iron ore project costs no longer reimbursable.

The ownership of the Crown land on which the Kalkaroo project is situated, via the Kalkaroo Station pastoral lease, continues to be carried at cost (\$2,241,043) in property, plant and equipment.

The carrying value of non-current financial assets, mainly the receivable due from Consolidated Mining & Civil Pty Ltd ('CMC'), has been reassessed resulting in a write-down of the CMC receivable amount to \$Nil (31 July 2019 CMC receivable balance: \$2,595,451). In making this decision the Group has reviewed the likelihood that the conditions required to be completed, in order for the amount to be payable, will occur (i.e. that the North Portia mine achieves \$3,500,000 of production revenue). Given that Havilah has not been formally informed by CMC of any significant progress in developing the North Portia mine, the Directors are still not able to predict with any certainty the time period when the amount will become payable.

The Group's equity investment in ASX listed Auteco Minerals Ltd as at 31 July 2020 was valued at \$860,417 (31 July 2019: \$34,420). Auteco Minerals Ltd has gold exploration tenements including an interest in the Pickle Crow gold project in Canada.

The Group's total liabilities decreased predominantly due to full repayment of the Investec loan of \$2,500,000 during the financial year and the current liability for deferred income being de-recognised on 1 January 2020; partially offset by the recognition of current liabilities from 1 August 2019 and a loan for the purchase of a heavy-duty field vehicle to be used by the Company's Drilling Supervisor.

On 25 October 2019 the Company opened a non-renounceable pro-rata entitlement offer of ordinary shares to eligible shareholders on the basis of 1 new ordinary share for every 4 ordinary shares held at an offer price of \$0.10 per new ordinary share (the 'Entitlement Offer'). The Entitlement Offer closed on 11 November 2019. The Directors reserved the right to issue 'Shortfall Shares' (the number of new ordinary shares under the Entitlement Offer not applied for by eligible shareholders under their entitlement or offered to shareholders because they are ineligible shareholders) at their discretion.

The Company issued 52,696,628 new ordinary shares during the financial year. Contributed equity increased by \$5,231,769 as the result of a successful non-renounceable pro-rata entitlement offer, issue of Shortfall Shares, the issue of ordinary shares via share placements and the issue of ordinary shares on the exercise of listed options.

## DIRECTORS' REPORT

### Financial Results

The consolidated result of the Group for the financial year was a loss after tax of \$4,726,429 (2019: \$7,337,693). This loss includes the full write-down of the CMC receivable of \$2,595,451.

Expenses for the financial year includes gross employee benefits expense of \$1,736,465 (2019: \$2,859,137), which includes \$342,752 (2019: \$Nil) of staff redundancy payments. Expenses also included \$360,289 in external legal, other consultants, public relations and other costs associated with the proposed investment by SIMEC Mining and \$44,552 costs associated with the cancelled Extraordinary General Meeting that was to have been held on 12 November 2019. Directors' remuneration increased as a result of Dr Giles being paid as an employee for the financial year rather than as a contractor (2019: Dr Giles was disclosed in Employee and benefits expense), although his net payment remains unchanged.

The loss for the financial year also includes exploration and evaluation impairment expense of \$106,687 (2019: \$1,133,157) and share-based payments expense of \$321,801 (2019: \$589,502) associated with unlisted share options provided in prior financial periods to Directors and KMP's \$106,394 (2019: \$108,812), employees \$97,468 (2019: \$105,434) and Investec \$117,939 (2019: \$375,256). The share-based amounts expensed with respect to employees was principally the result of vesting of options on redundancies made during the financial year.

Lease costs are now recognised in profit or loss over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwind of the discount on the lease liability, replacing operating lease expenses previously reported under Australian Accounting Standard AASB 117 'Leases'. Under AASB 16 'Leases', the Group recognised depreciation expense of \$212,489 on right-of-use assets.

Partially offsetting the loss for the financial year was revenue associated with Portia Gold Mine royalty revenue of \$120,993 (2019: \$191,391); and other income associated with interest income of \$9,298 (2019: \$10,473), government grants received \$147,852 (2019: \$33,807) and recognition of \$1,000,000 (2019: \$Nil) of deferred income in relation to the SIMEC Mining exclusivity extension on the Group's Maldorky and Grants iron ore projects. On 1 January 2020 the income impact of the \$1,000,000 was recognised by Havilah as other income, on de-recognition of the current liability for deferred income, as no transaction was completed with SIMEC Mining during calendar year 2019. Also offsetting the loss for the financial year was the fair value gain of \$825,996 (2019: \$14,000) from its equity investment in Auteco Minerals Ltd, designated as fair value through profit or loss ('FVTPL').

From 9 October 2019, the new Board of Directors acted promptly to reduce corporate overheads and it is an ongoing goal of the Board, in consultation with management, to identify and pro-actively realise further cost reductions to preserve, as far as possible, the Company's cash resources.

### Corporate Governance

The Group has 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 early adopted the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 4th 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](#).



## DIRECTORS' REPORT

### External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial year, as required under Section 307C of the *Corporations Act 2001*, is included on page 31.

### 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.

### 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.

### 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 Australian and Commonwealth environmental legislation and associated regulations, as well as site-specific environmental criteria. No material breaches of these compliance conditions occurred during the financial year and operational non-compliances, minor in nature, were addressed and resolved satisfactorily.

## DIRECTORS' REPORT

### Remuneration Report (Audited)

This Remuneration Report, which forms part of this Directors' Report, sets out information about the remuneration of the Group's key management personnel for the financial year ended 31 July 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the consolidated entity.

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 prescribed details for each person covered by this Remuneration Report are detailed below under the following sections:

- Section 1. Key Management Personnel Details
- Section 2. Remuneration Policy
- Section 3. Relationship Between the Remuneration Policy and Group Performance
- Section 4. Remuneration of Key Management Personnel
- Section 5. Key Terms of Employment Contracts
- Section 6. Statutory Reporting

### Section 1. Key Management Personnel Details

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

	Position	Term
<b>Directors</b>		
Mr Victor Previn	Independent Non-Executive Director	Appointed 9 October 2019
Mr Simon Gray	Executive Director – Chairman, Company Secretary, Chief Financial Officer	Appointed 9 October 2019
Dr Christopher Giles	Executive Director – Technical Director	Full financial year
Mr Mark Stewart	Independent Non-Executive Director	Resigned 9 October 2019
Mr Martin Janes	Independent Non-Executive Director	Resigned 9 October 2019
<b>Other Key Management Personnel</b>		
Mr Richard Buckley	Senior Mine Planning Engineer	Full financial year
Mr Walter Richards	Chief Executive Officer	Made redundant 2 October 2019

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.

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

### Section 2. Remuneration Policy

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 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. Where possible, the Remuneration Committee should comprise at least 3 members, the majority being Independent Non-Executive Directors. In response to circumstances presented to it during the financial year, Havilah significantly reduced its operating costs. This resulted in consolidation of the roles of management, with a Board which is more involved in the operations. As a result, it has been unable to meet the criteria for having a majority of Remuneration Committee members being independent.

**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 2. Remuneration Policy (continued)**

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 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](#).

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 18 December 2019, a resolution that the Remuneration Report for the financial year ended 31 July 2019 be adopted was put to the vote, and received a vote in favour of 84%. Feedback was not received on the Remuneration Report during the 2019 AGM. However, the Company did seek and received specific feedback from institutional and retail shareholders during the financial year ended 31 July 2020. Views expressed during these meetings have contributed to Havilah's 2020 reward practices.

**Section 3. Relationship Between the Remuneration Policy and Group Performance**

There is no link between remuneration and Group performance.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth to 31 July 2020:

Financial Year Ended 31 July:	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	123	843	4,811	16,860	2,745
(Loss)/ profit for the financial year	(4,726)	(7,338)	(2,990)	(4,229)	1,210

Financial Year Ended 31 July:	2020	2019	2018	2017	2016
	Cents	Cents	Cents	Cents	Cents
Share price at beginning of financial year	15	22	36	41	25
Share price at end of financial year	19	15	22	36	41
Basic (loss)/ profit per ordinary share	(1.90)	(3.36)	(1.43)	(2.45)	0.70
Diluted (loss)/ profit per ordinary share	(1.90)	(3.36)	(1.43)	(2.45)	0.60

## DIRECTORS' REPORT

## Remuneration Report (Audited) (continued)

## Section 4. Remuneration of Key Management Personnel

Financial Year 31 July 2020	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share-based payments	Total
	Salary & fees	Termination pay	Non-monetary	Other	Superannuation	Long service leave	Share options <sup>1</sup>	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>								
Mr Victor Previn*	13,846	-	-	-	1,664	-	-	15,510
Mr Simon Gray*	58,651	-	-	-	4,384	-	-	63,035
Dr Christopher Giles	174,326	-	6,216 <sup>3</sup>	-	16,560	-	36,804 <sup>5</sup>	233,906
Mr Mark Stewart**	34,919	-	-	-	3,317	-	-	38,236
Mr Martin Janes**	16,771	-	-	-	1,205	-	-	17,976
<b>Other Key Management Personnel</b>								
Mr Richard Buckley	250,004	-	-	-	23,780	6,500	16,026 <sup>8</sup>	296,310
Mr Walter Richards <sup>#</sup>	72,347	228,466	-	-	22,548	-	53,564 <sup>6</sup>	376,925
<b>Total</b>	<b>620,864</b>	<b>228,466</b>	<b>6,216</b>	<b>-</b>	<b>73,458</b>	<b>6,500</b>	<b>106,394</b>	<b>1,041,898</b>

\* Messrs Previn and Gray were appointed Directors on 9 October 2019.

\*\* Messrs Stewart and Janes resigned as Directors on 9 October 2019.

<sup>#</sup> Mr Walter Richards was made redundant 2 October 2019.

Financial Year 31 July 2019	Short-term employee benefits				Post-employment benefits	Long-term employee benefits	Share-based payments	Total
	Salary & fees	Cash bonus	Non-monetary	Other	Superannuation	Long service leave	Share options <sup>1</sup>	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Mr Mark Stewart	85,511	-	-	-	8,124	-	-	93,635
Mr Martin Janes	37,250	-	-	-	3,539	-	-	40,789
Mr Kenneth Williams <sup>#</sup>	40,457	-	-	-	3,843	-	-	44,300
<b>Executive Officers</b>								
Dr Christopher Giles	174,984 <sup>2</sup>	-	6,216 <sup>3</sup>	100 <sup>4</sup>	-	-	33,836 <sup>5</sup>	215,136
Mr Walter Richards	330,000	-	-	-	38,405	9,580	46,009 <sup>6</sup>	423,994
Mr Richard Buckley <sup>7</sup>	135,417	-	-	-	12,865	6,250	28,967 <sup>8</sup>	183,499
<b>Total</b>	<b>803,619</b>	<b>-</b>	<b>6,216</b>	<b>100</b>	<b>66,776</b>	<b>15,830</b>	<b>108,812</b>	<b>1,001,353</b>

<sup>#</sup> Mr Williams resigned as a Director on 3 January 2019.

<sup>1</sup> 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.

<sup>2</sup> Consulting fees paid to a nominated company in which the Director has a controlling interest.

<sup>3</sup> Provision of Company funded vehicle inclusive of fringe benefits tax payable.

<sup>4</sup> Approximate cost of insurance coverage for private vehicle owned by Dr Christopher Giles.

<sup>5</sup> Issue of 2,400,000 unlisted share options financial year amortisation value.

<sup>6</sup> Issue of 1,950,845 unlisted share options financial year amortisation value.

<sup>7</sup> Reflects period as key management personnel in prior financial year (from 14 January 2019 to 31 July 2019).

<sup>8</sup> Issue of 941,389 unlisted share options financial year amortisation value.



**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 4. Remuneration of Key Management Personnel (continued)**

The relative proportions of those elements of remuneration of key management personnel that are fixed and those consisting of share options are as follows:

	Fixed remuneration		Remuneration as share options <sup>##</sup>	
	2020	2019	2020	2019
<b>Directors</b>				
Mr Victor Previn	100%	-	0%	-
Mr Simon Gray	100%	-	0%	-
Dr Christopher Giles	84.3%	84.3%	15.7%	15.7%
Mr Mark Stewart	100%	100%	0%	0%
Mr Martin Janes	100%	100%	0%	0%
Mr Kenneth Williams <sup>#</sup>	-	100%	-	0%
<b>Other Key Management Personnel</b>				
Mr Richard Buckley	94.6%	84.2%	5.4%	15.8%
Mr Walter Richards	85.8%	89.1%	14.2%	10.9%

<sup>#</sup> Mr Williams resigned as a Director on 3 January 2019.

<sup>##</sup> The percentage of total remuneration consisting of share options, based on the value of share options and expensed in the consolidated statement of profit or loss and other comprehensive income during the financial year and prior financial year.

**Performance Rights and Share Option Plan**

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

The Plan's purposes are to:

- provide incentive to eligible executives and employees by enabling them to participate in the profits and financial performance of the Company;
- attract, motivate and retain eligible executives and employees; and
- 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 nor voting rights. Share options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year ended 31 July 2019, the 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.

During the financial year ended 31 July 2020, there was no issue of unlisted share options to employees.

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.

**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 4. Remuneration of Key Management Personnel (continued)**

The Company's short-term incentive plan annual award is 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 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 Board at the time the Company made significant redundancies exercised its discretion not to require the relevant share options to lapse but allow them to continue for their full term.

Any 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.

No performance bonuses were rewarded during 2020.

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

	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
<b>Directors</b>					
Dr Christopher Giles	12 Dec 2018	\$0.03	\$0.36	12 December 2021	100% vested
<b>Other Key Management Personnel</b>					
Mr Richard Buckley	26 June 2019	\$0.05	\$0.22	11 July 2023	50% vested 25% 11 July 2021 25% 11 July 2022
Mr Richard Buckley	26 June 2019	\$0.05	\$0.28	11 July 2023	75% vested 25% 11 July 2021
Mr Walter Richards <sup>#</sup>	26 June 2019	\$0.05	\$0.22	11 July 2023	100% vested
Mr Walter Richards <sup>#</sup>	26 June 2019	\$0.05	\$0.28	11 July 2023	100% vested

<sup>#</sup> Mr Walter Richards was made redundant 2 October 2019 but retained his employee share options.

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 current or prior financial years are recognised in remuneration in profit or loss over their vesting period.

Value of share options – basis of calculation:

- the fair value of share options granted 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.

**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 4. Remuneration of Key Management Personnel (continued)**

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

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

For each grant of share options in the current or prior financial years which resulted in share-based payment expense to Directors or other key management personnel, the percentage of the grant that vested and the number vested is set out below:

Name	Number granted	Number vested	% of grant vested	Maximum total value of grant yet to vest
<b>Directors</b>				
Dr Christopher Giles	2,400,000	2,400,000	100%	-
<b>Other Key Management Personnel</b>				
Mr Richard Buckley	150,000	75,000	50%	\$1,381
Mr Richard Buckley	791,389	593,541	75%	\$3,287
Mr Walter Richards <sup>##</sup>	1,350,000	1,350,000	100%	-
Mr Walter Richards <sup>##</sup>	600,845	600,845	100%	-

<sup>#</sup> Mr Gray's 40,000 employee share options were issued prior to his appointment as a Director on 9 October 2019, and therefore before he became a key management personnel.

<sup>##</sup> Mr Walter Richards was made redundant 2 October 2019 but retained his employee share options.

The maximum value of share options and performance rights yet to vest was determined as the amount of the grant date fair value of the share options that is yet to be expensed in profit or loss.

No share options will vest if the service conditions are not met, therefore the minimum value of the share option yet to vest is \$Nil.

All share options issued to Directors are made pursuant to approval by shareholders at relevant AGMs.

There were no share options that lapsed or that were forfeited during the financial year, in relation to share options granted to key management personnel as part of their remuneration.

**Share Trading Policy**

Under Havilah's Share Trading Policy, an individual may not limit their exposure to risk in relation to securities (including unlisted share options). Directors and executives are prohibited from entering into any hedging arrangements over unvested share options.

Havilah's Share Trading Policy can be found under the Governance tab [on the Company's website](#).

**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 5. 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.

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

**Non-Executive Directors**

	<b>Mr Victor Previn*</b>	<b>Mr Mark Stewart**</b>	<b>Mr Martin Janes**</b>
<b>Contract:</b>	Non-Executive Director	Non-Executive Director	Non-Executive Director
<b>Duration:</b>	No expiration	No expiration	No expiration
<b>Period of Notice:</b>	None	None	None
<b>Termination Payments:</b>	None	None	None
<b>Remuneration (exclusive of superannuation):</b>	\$30,000 per annum	\$107,000 per annum	\$65,000 per annum

\* Mr Previn was appointed a Director on 9 October 2019.

\*\* Messrs Stewart and Janes resigned as Directors on 9 October 2019.

**Executive Directors**

	<b>Mr Christopher Giles</b>	<b>Mr Simon Gray***</b>
<b>Contract:</b>	Executive agreement	Executive agreement
<b>Title:</b>	Executive Director – Technical Director	Executive Director – Chairman, Company Secretary, Chief Financial Officer
<b>Duration:</b>	No fixed term	No fixed term
<b>Period of Notice:</b>	6 months, in writing	1 month, in writing
<b>Termination Payments:</b>	Payment in lieu of notice	Payment in lieu of notice
<b>Change of Control Clause:</b>	No	No
<b>Remuneration – Base Salary (exclusive of superannuation):</b>	\$174,984 per annum	\$80,000 per annum
<b>Vehicle provided for Company use:</b>	Yes	No
<b>Remuneration – Short-term incentive:</b>	At the discretion of the Board	At the discretion of the Board
<b>Plan Eligible:</b>	No	No

\*\*\* Mr Gray was appointed a Director on 9 October 2019. His employment agreement was effective from 1 December 2019. His previous remuneration arrangement was terminated on 1 December 2019. This previous agreement entitled him to \$4,166 per month to act as Company Secretary.

**Other Key Management Personnel**

	<b>Mr Richard Buckley</b>	<b>Mr Walter Richards#</b>
<b>Contract:</b>	Employment agreement	Executive agreement
<b>Title:</b>	Senior Mine Planning Engineer	Chief Executive Officer
<b>Duration:</b>	No fixed term	No fixed term
<b>Period of Notice:</b>	5 weeks, in writing	6 months, in writing
<b>Termination Payments:</b>	Payment in lieu of notice	Payment in lieu of notice
<b>Change of Control Clause:</b>	No	No
<b>Remuneration – Base Salary (exclusive of superannuation):</b>	\$250,000 per annum	\$330,000 per annum
<b>Vehicle provided for Company use:</b>	No	No
<b>Remuneration – Short-term incentive:</b>	Up to 30% of the Base Salary, payable at the discretion of the Board	Up to 50% of the Base Salary, payable at the discretion of the Board
<b>Remuneration – Long-term incentive:</b>	Eligible to participate in any Company long-term incentive plan	Eligible to participate in any Company long-term incentive plan

# Mr Walter Richards was made redundant 2 October 2019.



**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 6. Statutory Reporting****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 Ordinary Share Holdings**

The number of Havilah Resources Limited ordinary shares held by Directors and other key management personnel, including their personally related parties, as at 31 July 2020, was as follows:

	Balance at 31 July 2019	Granted as remuneration	Ordinary shares purchased <sup>1</sup>	Net other change	Balance at 31 July 2020	Balance held nominally <sup>2</sup>
<b>Directors</b>						
Mr Victor Previn*	-	-	1,500,000	775,153*	2,275,153	-
Mr Simon Gray*	-	-	100,000	-	100,000	-
Dr Christopher Giles	41,945,674	-	-	-	41,945,674	-
Mr Mark Stewart**	105,000	-	-	(105,000)**	N/A**	-
Mr Martin Janes**	200,000	-	-	(200,000)**	N/A**	-
<b>Other Key Management Personnel</b>						
Mr Richard Buckley	100,000	-	457,500	-	557,500	-
Mr Walter Richards <sup>#</sup>	409,907	-	-	(409,907) <sup>#</sup>	N/A <sup>#</sup>	-

\* Messrs Previn and Gray were appointed Directors on 9 October 2019.

\*\* Messrs Stewart and Janes resigned as Directors on 9 October 2019.

<sup>#</sup> Mr Walter Richards was made redundant 2 October 2019.

<sup>1</sup> Represents ordinary shares purchased on market or via Entitlement Offer.

<sup>2</sup> '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.

During the financial year no share options were exercised by Directors or other key management personnel.

**DIRECTORS' REPORT****Remuneration Report (Audited) (continued)****Section 6. Statutory Reporting (continued)****Key Management Personnel Share Option Holdings**

The number of share options (listed and unlisted) held by Directors and other key management personnel, including their personally related parties, as at 31 July 2020, was as follows:

	Balance at 31 July 2019	Granted as remuneration	Net other change <sup>1</sup>	Balance at 31 July 2020	Total vested & exercisable at 31 July 2020	Total unvested at 31 July 2020	Options vested during year
<b>Directors</b>							
Mr Victor Previn*	-	-	-	-	-	-	-
Mr Simon Gray*	-	-	40,000 <sup>2</sup>	40,000	20,000	20,000	10,000
Dr Christopher Giles	3,122,066	-	(722,066)	2,400,000	2,400,000	-	2,400,000
Mr Mark Stewart**	600,000	-	(600,000)**	N/A**	-	-	-
Mr Martin Janes**	-	-	-	-	-	-	-
<b>Other Key Management Personnel</b>							
Mr Richard Buckley	941,389	-	-	941,389	668,541	272,847	235,347
Mr Walter Richards <sup>#</sup>	1,953,345	-	(1,953,345) <sup>#</sup>	N/A <sup>#</sup>	-	-	1,312,922

\* Messrs Previn and Gray were appointed Directors on 9 October 2019.

\*\* Messrs Stewart and Janes resigned as Directors on 9 October 2019.

<sup>#</sup> Mr Walter Richards was made redundant 2 October 2019.

<sup>1</sup> Represents listed share options purchased on market or expiration of share options.

<sup>2</sup> Mr Simon Gray became a Director on 9 October 2019. Prior to that date, he was the Company Secretary and had been granted 40,000 share options during the prior financial year. Therefore, these share options do not form part of his Director remuneration.

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

**Other Transactions with Key Management Personnel of the Group**

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

During the financial year ended 31 July 2020 the Group incurred the following amounts as a result of transactions with Directors and other key management personnel, including their personally related parties (excluding amounts paid as remuneration to Directors and other key management personnel which are addressed elsewhere in this Remuneration Report):

- \$2,565 (2019: \$151,000) for legal services provided by a company (Arion Legal) that is a related party of Mr Mark Stewart. The balance outstanding included in trade and other payables is \$Nil (2019: \$21,101);
- \$Nil (2019: \$20,000) for advisory services to a related entity (Balmoral Consulting) controlled by a former Havilah Director (Mr Kenneth Williams). The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil);
- \$Nil (2019: \$11,000) for accounting services to a company (ITABA Pty Ltd) controlled by a related party of Mr Walter Richards. The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil);
- \$2,400 (2019: \$9,000) for marketing and public relations support to a related party (William Giles) of Dr Christopher Giles. The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil); and
- \$37,600 (2019: \$3,000) for marketing and public relations services to a social media company (Filtrd) in which a related party (William Giles) of Dr Giles has an interest. The balance outstanding included in trade and other payables is \$11,000 (2019: \$Nil).

The Group also sold gold nugget inventory for \$Nil (2019: \$30,000) 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.

**DIRECTORS' REPORT****Matters Arising Subsequent to the End of the Financial Year**

Other than the matters disclosed in Note 29 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.

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 Chairman

27 October 2020

## Auditor's Independence Declaration

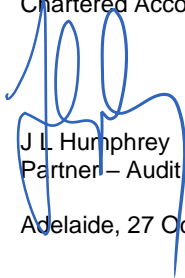
### To the Directors of Havilah Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Havilah Resources Limited for the year ended 31 July 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 27 October 2020

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Financial Year Ended	
		31 July 2020	31 July 2019
		\$	\$
Revenue	4	123,213	843,178
Other income	4	1,170,083	62,280
Fair value gains on financial assets	12(b)	825,996	14,000
Employee benefits expense (net)	4	(2,069,925)	(1,538,118)
Depreciation expense	4	(309,864)	(119,746)
Impairment of plant and equipment	10	(200,000)	-
Write-down of CMC receivable	4(c)	(2,595,451)	(2,048,174)
Extraordinary General Meeting expenses	4(d)	(404,841)	-
Finance costs	4	(177,724)	(688,182)
Exploration and evaluation expenditure expensed		(374,322)	-
Impairment of capitalised exploration & evaluation expenditure	9	(106,687)	(1,133,157)
Movement in inventory		-	(571,468)
Other expenses		(606,907)	(2,158,306)
Loss before income tax		(4,726,429)	(7,337,693)
Income tax expense	5(a)	-	-
<b>Loss for financial year attributable to equity holders of the Company</b>		<b>(4,726,429)</b>	<b>(7,337,693)</b>
Other comprehensive income for financial year, net of income tax		-	-
<b>Total comprehensive loss for financial year attributable to equity holders of the Company</b>		<b>(4,726,429)</b>	<b>(7,337,693)</b>
<b>Loss per share attributable to equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per ordinary share	21	(1.90)	(3.36)
Diluted loss per ordinary share	21	(1.90)	(3.36)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2020**

	Note	31 July 2020	31 July 2019
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	6(a)	1,483,724	3,819,646
Trade and other receivables	7	102,358	46,672
Other assets	8	89,193	121,588
<b>Total current assets</b>		<b>1,675,275</b>	<b>3,987,906</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	9	36,244,499	35,524,097
Property, plant and equipment	10	2,667,508	2,841,336
Other financial assets	12	920,417	2,704,871
<b>Total non-current assets</b>		<b>39,832,424</b>	<b>41,070,304</b>
<b>Total assets</b>		<b>41,507,699</b>	<b>45,058,210</b>
<b>Current liabilities</b>			
Trade and other payables	13	469,253	764,628
Borrowings	14	75,361	2,632,486
Provisions	16	519,308	616,150
Other financial liabilities	17	542,340	885,082
Deferred income	18	-	1,139,857
<b>Total current liabilities</b>		<b>1,606,262</b>	<b>6,038,203</b>
<b>Non-current liabilities</b>			
Borrowings	14	63,869	-
Provisions	16	-	9,580
Deferred income	18	675,909	675,909
<b>Total non-current liabilities</b>		<b>739,778</b>	<b>685,489</b>
<b>Total liabilities</b>		<b>2,346,040</b>	<b>6,723,692</b>
<b>Net assets</b>		<b>39,161,659</b>	<b>38,334,518</b>
<b>Equity</b>			
Contributed equity	19	76,906,563	71,674,794
Accumulated losses		(36,090,969)	(31,421,839)
Share-based payments reserve		945,862	681,360
Buy-out reserve		(2,599,797)	(2,599,797)
<b>Total equity</b>		<b>39,161,659</b>	<b>38,334,518</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Accumulated Losses	Share- based Payments Reserve	Buy-out Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>Balance as at 1 August 2018</b>	71,674,794	(24,506,419)	514,131	(2,599,797)	45,082,709
Loss for financial year	-	(7,337,693)	-	-	(7,337,693)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for financial year</b>	-	(7,337,693)	-	-	(7,337,693)
<b>Transactions with owners in their capacity as owners:</b>					
Issue of 5,000,000 unlisted options to Investec	-	-	242,497	-	242,497
Issue of 2,500,000 unlisted options to Investec	-	-	132,758	-	132,758
Issue of 6,819,255 unlisted share options to employees	-	-	180,411	-	180,411
Issue of 2,400,000 unlisted share options to a Director	-	-	33,836	-	33,836
Unlisted options lapsed	-	422,273	(422,273)	-	-
<b>Balance as at 31 July 2019</b>	<b>71,674,794</b>	<b>(31,421,839)</b>	<b>681,360</b>	<b>(2,599,797)</b>	<b>38,334,518</b>
Loss for financial year	-	(4,726,429)	-	-	(4,726,429)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for financial year</b>	-	(4,726,429)	-	-	(4,726,429)
<b>Transactions with owners in their capacity as owners:</b>					
Ordinary shares issued	5,273,978	-	-	-	5,273,978
Transaction costs arising on ordinary shares issued	(42,209)	-	-	-	(42,209)
Unlisted options lapsed	-	57,299	(57,299)	-	-
Share-based payments expense	-	-	321,801	-	321,801
<b>Balance as at 31 July 2020</b>	<b>76,906,563</b>	<b>(36,090,969)</b>	<b>945,862</b>	<b>(2,599,797)</b>	<b>39,161,659</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

		Financial Year Ended	
	Note	31 July 2020	31 July 2019
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		233,610	385,428
Interest received		9,298	-
Payments to suppliers and employees		(3,041,180)	(1,969,996)
Payments for exploration and evaluation expenditure expensed		(374,322)	-
Repayment of Research & Development		(342,742)	-
Interest and other costs of finance paid		(177,724)	(241,353)
<b>Net cash flows used in operating activities</b>	6(b)	(3,693,060)	(1,825,921)
<b>Cash flows from investing activities</b>			
Interest received		-	10,473
Payments for exploration and evaluation expenditure capitalised		(966,946)	(3,736,790)
Payments for property, plant and equipment		(123,547)	(90,964)
Proceeds from disposal of non-current assets		4,000	-
Proceeds from sale of subsidiary in a prior financial period		-	6,000,000
Payments associated with sale of subsidiary in a prior financial period		-	(468,140)
<b>Net cash flows provided by/ (used in) investing activities</b>		(1,086,493)	1,714,579
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		5,273,978	-
Payment of ordinary share issue costs		(42,209)	-
Proceeds from borrowings		79,291	2,500,000
Payment for borrowing costs		-	(261,841)
Repayments of borrowings		(2,661,695)	(153,075)
Principal element of lease payments		(205,734)	-
<b>Net cash flows provided by financing activities</b>		2,443,631	2,085,084
Net increase (decrease) in cash and cash equivalents		(2,335,922)	1,973,742
Cash and cash equivalents at beginning of financial year		3,819,646	1,845,904
<b>Cash and cash equivalents at end of financial year</b>	6(a)	1,483,724	3,819,646

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Basis of Preparation of the Consolidated Financial Statements

Havilah Resources Limited ('Havilah', 'Company' or 'Parent Company') is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements are for the consolidated entity consisting of the Company and its subsidiaries (the 'Group'). Information on the nature of the operations and principal activities of the Group are described in the Directors' Report. Interests in subsidiaries are set out in Note 22.

This note sets out the basis upon which the consolidated financial statements are prepared as a whole. Significant accounting policies adopted by the Group in the preparation of these consolidated financial statements, and relevant to an understanding thereof, are described in selected notes to the consolidated financial statements or are otherwise provided in this note. The accounting policies have been consistently applied to all the financial years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') and the *Corporations Act 2001*.

The 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.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with financial year amounts and other disclosures.

#### Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars, which is the Parent Company's functional and presentation currency. Amounts are rounded to the nearest dollar.

#### Significant Accounting Estimates, Assumptions and Judgements

The preparation of financial statements requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying Group accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 5, 9, 12 and 27.

#### Statement of Compliance with International Financial Reporting Standards

Compliance with Australian Accounting Standards ensures that the consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

The Group has adopted all the new and/ or revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the financial year ended 31 July 2020. The Group has not elected to apply any new or revised Australian Accounting Standards before their operative dates during the financial year.

Significant new and/ or revised Australian Accounting Standards and amendments thereof and Interpretations effective for the financial year that are relevant to the Group include:

- (i) AASB 16 'Leases'; and
- (ii) AASB Interpretation 23 '*Uncertainty over Income Tax Treatments*'.

A number of other Australian Accounting Standards and Interpretations, along with revisions to the Conceptual Framework for Financial Reporting, have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date. These standards have not been applied in the preparation of consolidated financial statements.

The adoption of all of the relevant new and/ or revised Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's significant accounting policies and has had no effect on either the amounts reported for the current or previous financial years, except for AASB 16 'Leases' as disclosed below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Basis of Preparation of the Consolidated Financial Statements *(continued)*

#### Adoption of New or Revised Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period *(continued)*

##### **AASB 16 'Leases'**

AASB 16 eliminates the distinction between operating and finance leases and brings all operating leases (other than short-term and low value leases) onto the consolidated statement of financial position. As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has applied AASB 16 from 1 August 2019. The Group has adopted the simplified transition approach without restatement of comparative information for the financial year prior to first adoption. The Group also elected under AASB 16 not to apply the new standard to contracts that were not identified as containing a lease under AASB 117 'Leases' and AASB Interpretation 4 'Determining whether an Arrangement contains a Lease'. There was no change in accumulated losses as a result of applying AASB 16 as at 1 August 2019.

### Note 2. Going Concern

The consolidated financial statements are prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the financial year ended 31 July 2020, the Company recognised a loss of \$4,726,429, had net cash outflows from operating and investing activities of \$4,779,553 and had accumulated losses of \$36,090,969 as at 31 July 2020. In addition, the impacts of the COVID-19 pandemic, which occurred during the financial year, are uncertain and it is possible that there may be subdued activity over the next 12 months from the date of signing the Directors' Declaration.

The continuation of the Group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate as the Group has the following options:

- the ability to issue share capital under the *Corporations Act 2001*, by a share purchase plan, share placement or rights issue;
- the option of farming out all or part of its assets;
- the option of selling interests in the Group's assets; and
- the option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Company 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 Group's financial statements and notes.

The consolidated financial statements do 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 Company not continue as a going concern.

### Note 3. Segment Information

There was a change in the operating segments during the financial year.

The Group has a number of exploration tenements in South Australia, which it manages on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash assets, technical data and the expectation of future metal prices. Accordingly, the Group now operates as one segment being exploration for minerals in South Australia. This is the basis on which its internal reports are reviewed and used by the Board of Directors (the 'chief operating decision maker') in monitoring, assessing performance and in determining the allocation of resources.

The results, assets and liabilities from this segment are equivalent to the consolidated financial statements.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 4. Results for the Financial Year

The results for the financial year include the following specific revenues and expenses:

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
<b>Revenue and Other Income</b>		
Royalty revenue from Portia Gold Mine	120,993	191,391
Sales revenue associated with gold inventory	2,220	651,787
<b>Total revenue</b>	<b>123,213</b>	<b>843,178</b>
Interest income from unrelated entities	9,298	10,473
Government grants received	-	33,807
COVID-19 grants received	147,852	-
Diesel fuel rebates received	8,933	18,000
SIMEC Mining exclusivity payment (refer (a) below)	1,000,000	-
Gain on disposal of plant and equipment	4,000	-
<b>Total other income</b>	<b>1,170,083</b>	<b>62,280</b>
<b>Expenses</b>		
Employee benefits expense (net):		
- Employee benefits expense (refer (b) below)	(1,736,465)	(2,859,137)
- Capitalisation of employee benefits expense to exploration expenditure	320,200	2,089,245
- Directors' remuneration	(331,859)	(178,724)
- Share-based payments expense (refer Note 27)	(321,801)	(589,502)
<b>Total employee benefits expense (net)</b>	<b>(2,069,925)</b>	<b>(1,538,118)</b>
Depreciation expense:		
- Depreciation expense – Property, plant and equipment	(97,375)	(119,746)
- Depreciation expense – Right-of-use assets	(212,489)	-
<b>Total depreciation expense</b>	<b>(309,864)</b>	<b>(119,746)</b>
Finance costs:		
- Amortisation of Investec loan establishment costs	-	(56,429)
- Interest expense	(142,565)	(594,606)
- Interest element on lease liabilities	(18,992)	-
- Bank fees	(16,167)	(37,147)
<b>Total finance costs</b>	<b>(177,724)</b>	<b>(688,182)</b>

(a) During the previous 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 \$1,000,000 from SIMEC Mining during February 2019. As the \$1,000,000 payment together with any SIMEC Mining exploration funding (\$139,857) could have been deducted from any amount payable by SIMEC Mining to the Group under any potential future transaction that may have been concluded between the parties during calendar year 2019 it was recognised as deferred income (liability) on the consolidated statement of financial position. On 1 January 2020 \$1,000,000 was recognised by Havilah as other income and the \$139,857 as a reduction from exploration and evaluation expenditure carried forward, as no transaction was completed with SIMEC Mining during calendar year 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 4. Results for the Financial Year (continued)

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.

(b) Represents employee benefits expenses (short-term, post-employment and long-term). Includes staff redundancy payments of \$342,752 (2019: \$Nil) during the financial year.

(c) The Directors conducted a review of the amount owing from Consolidated Mining & Civil Pty Limited ('CMC'). The current agreement with CMC allows for a payment of \$3,800,000 once the first \$3,500,000 of production revenue from the North Portia mine is achieved. Given that Havilah has not been formally informed by CMC of any significant progress in developing the North Portia mine, the Directors are still not able to predict with any certainty the time period when the amount will become payable. As a consequence, the CMC receivable on sale of subsidiary of \$2,595,451 has been written-down to \$Nil during the financial year. During the financial year ended 31 July 2019 a revision of the CMC receivable carrying value was recognised of \$2,048,174.

(d) Costs associated with the SIMEC Mining Share Subscription Agreement and Extraordinary General Meeting (held on 12 September 2019) includes external legal fees \$156,361, costs relating to independent expert reports \$21,491, other consultants \$50,000, public relations \$76,912, and printing and postage costs \$55,525. In addition, \$44,552 was paid for costs associated with the cancelled Extraordinary General Meeting that was to have been held on 12 November 2019.

### Remuneration of External Auditor

Remuneration received or due and receivable by the external auditor of the Company:

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
<b>(i) Grant Thornton Audit Pty Ltd</b>		
Audit or review of financial reports	48,100	-
Total remuneration for audit and other assurance services	48,100	-
<b>(ii) Deloitte Touche Tohmatsu</b>		
Audit or review of financial reports	-	84,000
Additional costs invoiced by Deloitte for the 2019 financial year audit	23,195	-
Total remuneration for audit and other assurance services	23,195	84,000
Total remuneration of external auditor	71,295	84,000

### Significant Accounting Policy: Impairment of Assets (except exploration & 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 5. Income Tax

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
<b>(a) Income Tax Recognised in Profit or Loss</b>		
The prima facie consolidated tax on loss before income tax is reconciled to income tax expense as follows:		
Prima facie tax payable on loss before income tax, calculated at the Australian tax rate of 27.5 % (2019 30%)	(1,299,767)	(2,201,308)
Share-based payments expense	88,495	176,851
Other	53,142	78,002
Revenue tax losses not recognised	330,858	2,978,038
Prior under (over) provision	827,272	(1,031,583)
Income tax expense	-	-

**(b) Deferred Tax Balances**

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

*Temporary differences*

Exploration and evaluation expenditure	(9,967,237)	(12,367,729)
Plant and equipment	16,132	22,713
Other financial assets	(231,205)	218,169
Deferred gain on sale	-	(142,723)
Employee benefit provisions	142,810	187,719
Deferred income	185,600	187,614
Transaction costs arising on ordinary shares issued	-	68,302
Total	(9,853,900)	(11,825,935)
Offset by deferred tax assets relating to operating losses	9,853,900	11,825,935
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	9,622,878	9,613,272
Capital tax losses	-	-
Total	9,622,878	9,613,272

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 5. Income Tax** *(continued)***(d) Tax Consolidation*****Relevance of tax consolidation to the Group***

With effect from 1 July 2003, the Company and its wholly-owned Australian resident subsidiaries formed a tax-consolidated group and are taxed as a single entity. The head entity within the tax-consolidated group is Havilah Resources Limited. The members of the tax-consolidated group are identified at Note 22.

***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.

**(e) Significant Accounting Policies:****Income Taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss.

Deferred tax liabilities are generally recognised in full.

**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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(f) Significant Accounting Estimates, Assumptions and Judgements: 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. To the extent that future utilisation of these tax losses and temporary tax differences become probable, this could result in significant changes to deferred tax assets recognised, which would in turn impact future financial results.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 6. Cash and Cash Equivalents

(a) For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	31 July 2020	31 July 2019
	\$	\$
Cash at banks and on hand	1,483,724	63,231
Bank deposits	-	3,756,415
Total cash and cash equivalents	1,483,724	3,819,646

## Financial Risk Management

Information concerning the Group's exposure to financial risks on cash and cash equivalents is set out in Note 20.

## (b) Reconciliation of Cash Flows from Operating Activities

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
Loss for financial year	(4,726,429)	(7,337,693)
<b>Non-cash items included in loss for financial year:</b>		
Fair value gains on financial assets	(825,996)	(14,000)
Write-down of CMC receivable	2,595,451	2,048,174
SIMEC Mining exclusivity payment	(1,000,000)	-
Impairment of capitalised exploration & evaluation expenditure	106,687	1,133,157
Share-based payments expense	321,801	589,502
Depreciation expense property plant and equipment	97,375	119,746
Impairment of plant and equipment	200,000	-
Depreciation expense right-of-use assets	212,489	-
Security deposit forfeited	15,000	-
<b>Items classified as investing/ financing activities:</b>		
Interest income from unrelated entities	-	(10,473)
Payment of borrowing costs	-	261,841
Proceeds from sale fixed assets	(4,000)	-
Amortisation of insurance premium funding	156,649	153,075
Amortisation of debt establishment costs	-	56,429
<b>Changes in operating assets and liabilities:</b>		
<b>(Increase)/ decrease in assets</b>		
Trade and other receivables	(55,686)	207,970
Inventory	-	571,468
Other current assets	(41,862)	451,306
<b>Increase/ (decrease) in liabilities:</b>		
Trade and other payables	(295,375)	(64,307)
Provisions	(106,422)	(357,768)
Other financial liabilities	(342,742)	365,652
Net cash flows used in operating activities	(3,693,060)	(1,825,921)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 6. Cash and Cash Equivalents (continued)

## (c) Total Liabilities from Financing Activities

	Investec loan	Insurance premium funding
	\$	\$
Balance as at 31 July 2018	-	171,000
Recognised upon origination (non-cash)	-	114,561
Proceeds from borrowing	2,500,000	-
Repayment of borrowing	-	(153,075)
Balance as at 31 July 2019	2,500,000	132,486

	Investec loan	Hire purchase loan	Insurance premium funding	Lease liabilities
	\$	\$	\$	\$
Balance as at 31 July 2019	2,500,000	-	132,486	-
Recognised upon AASB 16 transition as at 1 August 2019 (non-cash)	-	-	-	526,470
Recognised upon origination (non-cash)	-	-	89,148	-
Proceeds from borrowing	-	79,291	-	-
Repayment of borrowing	(2,500,000)	(5,046)	(156,649)	-
Principal element of lease payments	-	-	-	(205,734)
Re-evaluation of lease term (non-cash)	-	-	-	(320,736)
Balance as at 31 July 2020	-	74,245	64,985	-

## Note 7. Trade and Other Receivables

	31 July 2020	31 July 2019
	\$	\$
<b>Current</b>		
Trade receivables	38,876	-
GST recoverable	63,482	32,227
Other receivables	-	14,445
Total current trade and other receivables	102,358	46,672

## Financial Risk Management

Information concerning the Group's exposure to financial risks on trade and other receivables is set out in Note 20.

## Note 8. Other Assets

	31 July 2020	31 July 2019
	\$	\$
<b>Current</b>		
Prepayments	89,193	121,588
Total current other assets	89,193	121,588

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 9. Exploration and Evaluation Expenditure

	31 July 2020	31 July 2019
	\$	\$
Cost brought forward	35,524,097	32,984,095
Expenditure incurred during the financial period	966,946	3,673,159
Costs reimbursed by SIMEC Mining	(139,857)	-
Impairment of capitalised exploration and evaluation expenditure	(106,687)	(1,133,157)
Total expenditure and evaluation expenditure carried forward	36,244,499	35,524,097
Intangible	36,244,499	35,524,097

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. Prior financial year expenditure impairment related to ongoing expenditure to maintain iron ore, uranium and geothermal tenements.

The expenditure is carried forward on the basis that exploration and evaluation activities in the areas of interest have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant 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, the sale of the respective areas of interest.

**Significant Accounting Policy: 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 9. Exploration and Evaluation Expenditure (continued)

**Significant Accounting Estimates, Assumptions and Judgements: Exploration & 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 that 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.

Information on the reasonable existence or otherwise of economically recoverable reserves is progressively gained through geological analysis and interpretation, drilling activity and prospect evaluation during a normal exploration tenement term. A reasonable assessment of the existence or otherwise of economically recoverable reserves can generally only be made, therefore, at the conclusion of those exploration and evaluation activities.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, the relevant capitalised amount will be impaired in profit or loss and net assets will be reduced during the financial period in which this determination is made.

## Note 10. Property, Plant and Equipment

	Pastoral lease at cost <sup>1</sup>	Plant and equipment at cost	Equipment under finance lease at cost	Total
	\$	\$	\$	\$
<b>Gross carrying amount</b>				
Balance as at 31 July 2018	2,241,043	3,910,788	54,526	6,206,357
Additions	-	1,206	-	1,206
Disposals	-	(14,210)	-	(14,210)
Transfers	-	54,526	(54,526)	-
Balance as at 31 July 2019	2,241,043	3,952,310	-	6,193,353
Additions	-	123,546	-	123,546
Impairment	-	(200,000)	-	(200,000)
Balance as at 31 July 2020	2,241,043	3,875,856	-	6,116,899
<b>Accumulated depreciation</b>				
Balance as at 31 July 2018	-	3,196,375	37,619	3,233,994
Depreciation expense	-	119,746	-	119,746
Disposals	-	(1,724)	-	(1,724)
Transfers	-	37,619	(37,619)	-
Balance as at 31 July 2019	-	3,352,016	-	3,352,016
Depreciation expense	-	97,375	-	97,375
Balance as at 31 July 2020	-	3,449,391	-	3,449,391
<b>Net Book Value:</b>				
As at 31 July 2019	2,241,043	600,293	-	2,841,336
As at 31 July 2020	2,241,043	426,465	-	2,667,508

<sup>1</sup> The Group has bank guarantee and overdraft facilities with the National Australia Bank Limited secured by a \$1,000,000 mortgage over the Kalkaroo Station pastoral lease (classified as 'Pastoral lease at cost' in this Note).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 10. Property, Plant and Equipment *(continued)*

#### Significant Accounting Policy: 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. The Group considers its pastoral lease rights to be indefinite and cost is not depreciated.

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 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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

### Note 11. Right-of-Use Assets

The following table provides the movement during the financial year in the Group's right-of-use assets:

<b>Property</b> (office lease at 164 Fullarton Road Dulwich South Australia)	\$
Recognised upon AASB 16 transition as at 1 August 2019	526,470
Re-evaluation of lease term	(320,736)
Depreciation expense during the financial year	(205,734)
<b>Total right-of-use assets as at 31 July 2020</b>	<b>-</b>

On 30 November 2019 the Company advised the owner of the right-of-use asset that it would exercise its discretion in the lease agreement to terminate with 6 months' notice and agreed to pay a termination fee of approximately \$75,000 as the property no longer met the ongoing requirements of the Company. The right-of-use asset had been reassessed based on the new term, which ended during May 2020.

The lease liability has been reassessed accordingly using the same interest rates as used when the asset and liability were initially recognised. This has resulted in a write-down of the liability of \$320,736 to \$122,238 (refer Note 15).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 12. Other Financial Assets

	31 July 2020	31 July 2019
	\$	\$
<b>Non-current</b>		
<b>At amortised cost:</b>		
Bank term deposit (refer Note 25(a))	60,000	60,000
Security deposit	-	15,000
Receivable on sale of subsidiary (refer (a) below)	-	2,595,451
<b>At fair value (investment in equity instruments designated FVTPL):</b>		
Shares in listed ASX entity (refer (b) below)	860,417	34,420
<b>Total non-current other financial assets</b>	<b>920,417</b>	<b>2,704,871</b>

(a) The CMC receivable on sale of subsidiary of \$2,595,451 was written-down to \$Nil during the financial year. See Note 4(c) for further details. The receivable had been discounted during the prior financial year from its carrying amount of \$3,800,000 using a rate of 10% and an expected date of receipt of July 2023.

(b) The Group's financial assets designated as fair value through profit or loss ('FVTPL') comprise 4,916,667 fully paid ordinary shares held in ASX listed Auteco Minerals Ltd (formerly Monax Mining Limited). Fair value is based on the last traded price (ASX issuer code: AUT) at the reporting date. The FVTPL gain through profit or loss for the financial year was \$825,996 (2019: \$14,000).

**Significant Accounting Estimates, Assumptions and Judgements: Impairment of Financial Assets**

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.

**Financial Risk Management**

Information concerning the Group's exposure to financial risks on other financial assets is set out in Note 20.

## Note 13. Trade and Other Payables

	31 July 2020	31 July 2019
	\$	\$
<b>Current (unsecured)</b>		
Trade payables	348,739	527,456
Sundry payables and accruals	120,514	237,172
<b>Total current trade and other payables</b>	<b>469,253</b>	<b>764,628</b>

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid according to supplier term.

**Financial Risk Management**

Information concerning the Group's exposure to financial risks on trade and other payables is set out in Note 20.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 14. Borrowings

	31 July 2020	31 July 2019
	\$	\$
<b>Current (secured)</b>		
Investec loan (refer (a) below)	-	2,500,000
Hire purchase loan (refer (b) below)	10,376	-
<b>Current (unsecured)</b>		
Insurance premium funding (refer (c) below)	64,985	132,486
<b>Total current borrowings</b>	<b>75,361</b>	<b>2,632,486</b>
<b>Non-current (secured)</b>		
Hire purchase loan (refer (b) below)	63,869	-
<b>Total non-current borrowings</b>	<b>63,869</b>	<b>-</b>

(a) During the financial year, the secured Investec loan was repaid in full. The loan security formerly held by Investec over the Kalkaroo and Mutooroo assets lapsed.

(b) Hire purchase loan is a secured loan at a lending rate of 4.23% p.a. for the purchase of a heavy-duty field vehicle used by the Company's Drilling Supervisor. It expires during December 2022. The hire purchase loan is secured over the vehicle.

(c) Insurance premium funding was an unsecured fixed interest rate debt at 4.10% p.a. with Hunter Premium Funding, with a repayment period not exceeding one year. The facility expires May 2021.

The Group also has access to a \$500,000 secured bank guarantee facility provided by the National Australia Bank Limited, of which \$216,000 is currently being utilised to secure a bank guarantees for an office lease security deposit and a rehabilitation bond. The facility expires January 2022. See Note 25 for further details.

The Group also has access to a \$500,000 secured overdraft facility with the National Australia Bank Limited at a business lending rate of 3.0% p.a. plus a customer margin of 2.2% if drawn down. As at the end of the financial year, the Group has no balance owing on this facility and the full amount is available for use. The facility expires January 2022.

The bank guarantee and overdraft facilities with the National Australia Bank Limited are secured by a \$1,000,000 mortgage over the Kalkaroo Station pastoral lease (refer Note 10).

**Financial Risk Management**

Information concerning the Group's exposure to financial risks on borrowings is set out in Note 20.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 15. Lease Liabilities

During May 2020 the Company terminated its office lease at 164 Fullarton Road Dulwich South Australia, as it no longer met the ongoing requirements of the Company. Post COVID-19, and when justified by Havilah's financial position, new longer-term office premises will be sought.

The following table provides the movement during the financial year in the Group's lease liabilities:

	Reconciliation
	\$
<b>Secured</b>	
Recognised upon AASB 16 transition as at 1 August 2019	526,470
Principal element of lease payments	(205,734)
Re-evaluation of lease term (refer Note 11)	(320,736)
<b>Total lease liabilities as at 31 July 2020</b>	<b>-</b>

**Significant Accounting Policy: Right-of-Use Assets and Lease Liabilities**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date (i.e. the date the underlying asset is available for use). The right-of-use asset is initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset less any lease incentives received). The recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's estimated incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options. When lease contracts are terminated or altered, the unpaid lease liability and net carrying value of the right-of-use asset is de-recognised.

Short-term (12 months or less) leases and low value (below \$5,000) leases continue to be expensed in profit or loss.

At transition, all relevant lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, where that rate was not readily determined, the Group's estimated incremental borrowing rate as at 1 August 2019. When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an average rate of 5.6% as at 1 August 2019.

The following table provides a reconciliation of non-cancellable operating lease commitments as at 31 July 2019, disclosed in Note 29(e) 'Operating Lease Rental Commitments' in the 2019 Annual Report, to the total lease liabilities recognised as at 1 August 2019:

	Reconciliation
	\$
Operating lease rental commitments as at 31 July 2019 (undiscounted)	728,093
Less: prior financial period overstatement	(157,861)
Less: effect of discounting	(43,762)
<b>Total lease liabilities recognised as at 1 August 2019</b>	<b>526,470</b>

All right-of-use assets were measured at the amount of the lease liability on transition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 16. Provisions

	31 July 2020	31 July 2019
	\$	\$
<b>Current</b>		
Employee benefits	519,308	616,150
Total current provisions	519,308	616,150
<b>Non-current</b>		
Employee benefits	-	9,580
Total non-current provisions	-	9,580

**Significant Accounting Policy: 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.

## Note 17. Other Financial Liabilities

	31 July 2020	31 July 2019
	\$	\$
<b>Current (unsecured)</b>		
Research & Development income amendment (refer (a) below)	542,340	885,082
Total current other financial liabilities	542,340	885,082

(a) Industry Science Australia carried out a review of the Group's Research & Development 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*. During the financial year ended 31 July 2019, the Company entered into a payment plan with the ATO in respect of the amount outstanding due to amended income tax returns for 2013 and 2014 for Research & Development claims disallowed. The amount included interest and penalties imposed.

The Company lodged an appeal to the Administrative Appeals Tribunal against the decisions and argued its case at an Administrative Appeals Tribunal hearing, which concluded during June 2019. Havilah's appeal to the Administrative Appeals Tribunal was dismissed during the financial year. While the decision was disappointing, the amounts claimed by the Australian Taxation Office had been fully provided for in Havilah's consolidated financial statements. The Company has decided against appealing the decision because of the cost and management time involved. The Company is, however, investigating other options open to it to potentially claw back some funds

**Financial Risk Management**

Information concerning the Group's exposure to financial risks on other financial liabilities is set out in Note 20.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 18. Deferred Income

	31 July 2020	31 July 2019
	\$	\$
<b>Current</b>		
SIMEC Mining exclusivity payment (refer (a) below)	-	1,000,000
SIMEC Mining exploration funding (refer (a) below)	-	139,857
Total current deferred income	-	1,139,857
<b>Non-current</b>		
Government grants received for exploration	675,909	675,909
Total non-current deferred income	675,909	675,909

(a) During the prior 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 \$1,000,000 from SIMEC Mining during February 2019. As the \$1,000,000 payment together with any SIMEC Mining exploration funding (\$139,857) could have been deducted from any amount payable by SIMEC Mining to the Group under any potential future transaction that may have been concluded between the parties during calendar year 2019 it was recognised as deferred income (liability) on the consolidated statement of financial position as at 31 July 2019.

On 1 January 2020 \$1,000,000 was recognised by Havilah as other income and the \$139,857 as a reduction from exploration and evaluation expenditure carried forward, as no transaction was completed with SIMEC Mining during calendar year 2019.

**Significant Accounting Policy: 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 19. Contributed Equity and Reserves

	31 July 2020	31 July 2019
	\$	\$
<b>(a) Contributed Equity</b>		
Ordinary shares, fully paid	76,906,563	71,674,794
Total contributed equity	76,906,563	71,674,794

**(b) Movement in Ordinary Shares**

Date	Details	Number of ordinary shares	\$
1 August 2018	Opening balance in previous financial year	218,249,052	71,674,794
31 July 2019	Balance at end of previous financial year	218,249,052	71,674,794
10 October 2019	Ordinary shares issued – listed options exercised	14,286	5,714
18 November 2019	Ordinary shares issued – Entitlement Offer	31,353,622	3,135,362
22 November 2019	Ordinary shares issued – Shortfall Shares	5,000,000	500,000
4 December 2019	Ordinary shares issued – Shortfall Shares	350,000	35,000
4 December 2019	Ordinary shares issued – listed options exercised	100	40
30 January 2020	Ordinary shares issued – Shortfall Shares	878,620	87,862
12 March 2020	Ordinary shares issued – share placement	10,100,000	1,010,000
25 May 2020	Ordinary shares issued – share placement	5,000,000	500,000
	Transaction costs arising on ordinary shares issued	-	(42,209)
31 July 2020	Balance at end of financial year	270,945,680	76,906,563

No ordinary shares were issued during the financial year ended 31 July 2019.

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

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

**(c) Dividends**

There were no ordinary dividends declared or paid during the financial year by the Company (2019: \$Nil).

**(d) Capital 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 14, cash and cash equivalents, and equity attributable to equity holders of the Company comprising contributed equity, accumulated losses and reserves.

Due to the nature of the Group's activities, that is exploration and evaluation, the Board of Directors believes that due to the different stages of its projects, and their differing capital requirements and risks, it is not possible to define what funding method is optimal from the range of options available to the Group, namely: equity, debt, joint venture or sell down of project equity or some combination. At all times, the Group's proposed activities are monitored to ensure optimal funding arrangements are put in place that are appropriate to the particular circumstance of each project or activity being undertaken.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 19. Contributed Equity and Reserves (continued)

## (e) Significant Accounting Policies:

**Contributed Equity**

Ordinary shares are classified as equity. Contributed equity represents the fair value of ordinary shares that have been issued. Any transaction costs directly attributable to the issue of new ordinary shares are deducted from issued share capital, net of any related income tax.

**Reserves Within Equity**

**Share-based payments reserve:** is used to recognise the grant date fair value of share-based payments expense. Amounts are transferred out of this reserve and into accumulated losses when share options lapse.

**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. It represented the difference between the consideration paid and the carrying value of the non-controlling interest.

## Note 20. Financial Instruments (including Financial Risk Management)

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk and equity price risk); credit risk; and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of financial risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and equity price.

The overall financial risk management strategy of the Group is governed by the Board of Directors, and is primarily focused on ensuring the Group is able to finance its business plans, whilst minimising potential adverse effects on financial performance. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and Group activities.

The totals for each category of financial instruments in the consolidated statement of financial position are:

	Note	31 July 2020	31 July 2019
		\$	\$
<b>Categories of financial instruments:</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6(a)	1,483,724	3,819,646
Trade and other receivables	7	102,358	46,672
Bank term deposit	12	60,000	60,000
Security deposit	12	-	15,000
Shares in listed entity designated as FVTPL	12	860,417	34,420
Receivable on sale of subsidiary	12	-	2,595,451
<b>Financial liabilities</b>			
Trade and other payables	13	469,253	764,628
Borrowings	14	139,230	2,632,486
Other financial liabilities	17	542,340	885,082

The Group had no off-balance sheet financial assets or financial liabilities during the financial year ended 31 July 2020.

## (a) Market Risk

## (i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of financial assets and financial liabilities will fluctuate because of changes in market interest rates. As at 31 July 2020 and 31 July 2019 there was no interest rate hedging in place.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 20. Financial Instruments (including Financial Risk Management) (continued)****(a) Market Risk (continued)****(i) Interest Rate Risk (continued)**

The Group is exposed to interest rate risk as it earns interest at floating rates from a portion of its cash and cash equivalents. When relevant, the Group places a portion of its funds into short-term fixed interest bank deposits that provide short-term certainty over the interest rate earned.

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 year.

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 result would decrease/ increase by \$13,259 (2019: \$7,134). This is attributable to interest rates on a bank term deposits and trading accounts (2019: bank term deposits and balances drawn on standby debt facilities).

This sensitivity should not be used to forecast the future effect of movements in interest rates on future cash flows.

**(ii) Equity Price Risk**

The Group is exposed to equity price risks arising from its equity investment in fully paid ordinary shares held in ASX listed Auteco Minerals Ltd. Equity investments are held for strategic rather than trading purposes.

**Equity price sensitivity**

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. This sensitivity should not be used to forecast the future effect of movements in equity price on future cash flows.

At the reporting date, if Auteco Minerals Ltd's last traded price on the ASX had been 5% higher or lower, the Group's result would have increased/ decreased by \$43,020 (2019: \$1,721).

The Group's sensitivity to equity prices has changed significantly from the prior financial year, as a result of the significant increase in Auteco Minerals Ltd's share price since 1 February 2020.

**(b) Credit Risk**

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 \$3,800,000 (31 July 2019: \$3,800,000). The Group's exposure is secured by a registered charge over Mining Lease ML6346 and the assets of Benagerie Gold & Copper Pty Ltd. The credit rating of CMC is monitored on a periodic basis for credit deterioration. As at financial year end the Group has written-down the carrying value of this asset, see Note 4(c) for further details. 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.

Where commercially practical, the Group seeks to limit the amount of credit exposure to any one bank or financial institution. The Group is exposed to concentration of credit risk in relation to cash and cash equivalents, bank term and security deposits held with the National Australia Bank Limited, the maximum exposure as at 31 July 2020 was \$1,543,724 (31 July 2019 \$3,879,646).

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 20. Financial Instruments (including Financial Risk Management) (continued)

## (c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

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 ensuring there are sufficient funds available to meet financial obligations on a day-to-day basis and to meet unexpected liquidity needs in the normal course of business. Emphasis is placed on ensuring there is sufficient funding in place to meet the ongoing requirements of the Group's exploration and evaluation activities.

**Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and financial liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received/ paid by the Group. The tables include both interest and principal cash flows.

Financial assets	Weighted average	Less than one year	One to two years
	effective interest rate		
	%	\$	\$
<b>2020</b>			
Non-interest bearing	-	860,417	-
Variable interest rate instruments	0.75	1,603,724	-
<b>2019</b>			
Non-interest bearing	-	81,092	2,595,451
Variable interest rate instruments	1.75	3,894,646	-

Financial liabilities	Weighted average	Less than one year	One to two years
	effective interest rate		
	%	\$	\$
<b>2020</b>			
Non-interest bearing	-	469,253	-
Variable interest rate instruments	7.9	542,340	-
Fixed interest rate instruments	4.1	75,361	63,869
<b>2019</b>			
Non-interest bearing	-	764,628	-
Fixed interest rate instruments	12.72	3,517,568	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 20. Financial Instruments (including Financial Risk Management) (continued)

## (d) Fair Value Measurement of Assets and Liabilities

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 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 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Shares in listed entity designated as FVTPL	860,417	-	-	860,417
Total net assets	860,417	-	-	860,417

31 July 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Shares in listed entity designated as FVTPL	34,420	-	-	34,420
Receivable on sale of subsidiary	-	-	2,595,451	2,595,451
Total net assets	34,420	-	2,595,451	2,629,871

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 July 2020 or as at 31 July 2019.

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments. There have also been no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

**Valuation techniques**

The fair value of financial instruments traded in active markets (such as publicly traded listed securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets by the Group is the last sales 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 20. Financial Instruments (including Financial Risk Management) (continued)

#### Significant Accounting Policy: Financial Instruments

The classification depends on the nature and purpose of the financial asset or financial liability and is determined at the time of initial recognition.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### 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.

#### 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.

#### Financial assets at fair value through profit or loss ('FVTPL')

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 profit or loss for the reporting period. Fair value has been determined based on quoted market prices.

#### 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 profit or loss. When measuring expected credit losses, balances are reviewed based on available external credit ratings, historical loss rates and/ or the days past due.

#### Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, and other financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability as FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated as FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 21. Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted is determined by adjusting the profit or loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise unlisted share options granted to Directors, employees and Investec.

The Company's potential ordinary shares, being 17,319,255 unlisted share options granted, are not considered dilutive as these share options were 'out of the money' as at 31 July 2020 and 31 July 2019.

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
Loss for financial year attributable to equity holders of the Company used to calculate basic and diluted earnings per ordinary share:	(4,726,429)	(7,337,693)
Weighted average number of ordinary shares on issue during the financial year used in calculating basic earnings per ordinary share:	249,252,740	218,249,052
	<b>Cents</b>	<b>Cents</b>
Basic loss per ordinary share	(1.90)	(3.36)
Diluted loss per ordinary share *	(1.90)	(3.36)

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 22. Composition of the Group

Havilah Resources Limited, the Group's ultimate Parent Company, is a public company limited by shares and is listed on the ASX. The Company is incorporated and domiciled in Australia. Its registered office and principal place of business is 107 Rundle Street, Kent Town, South Australia 5067.

Name	Country of incorporation & activities carried on in	Principal activity	Ownership and voting interest held by the Group	
			2020	2019
<b>Parent Company:</b>				
Havilah Resources Limited	Australia	Parent Company. Owner of various exploration licences and Mutooroo Mining Lease		
<b>Subsidiaries:</b>				
Copper Aura Pty Ltd	Australia	Owner of various tenements in the Mutooroo copper-cobalt district	100%	100%
Iron Genesis Pty Ltd	Australia	Owner of various tenements related to the Group's iron ore assets	100%	100%
Havilah Royalties Pty Ltd	Australia	Owner of Benagerie Mining Lease royalty for the Portia Gold Mine	100%	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 (5 Mineral Claims and Mining Lease application in process)	100%	100%
Mutooroo Metals Pty Ltd	Australia	Owner of the Mutooroo copper-cobalt project (2 Mineral Claims)	100%	100%
Neo Oil Pty Ltd	Australia	No current tenements	100%	100%
Oban Energy Pty Limited	Australia	No current tenements	100%	100%

Havilah Resources Limited is the head entity of the tax-consolidated group and all the subsidiaries listed above are members of the tax-consolidated group.

**Significant Accounting Policy: Basis of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 July 2020 and the results of all subsidiaries for the financial year then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the accounting policies applied by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 23. 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.

**(a) Joint Venture Arrangements**

The Group had no joint venture arrangements as at 31 July 2020 (or 31 July 2019).

**(b) Joint Operation Arrangements**

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

	31 July 2020	31 July 2019
Prospect Hill farm-in agreement	Earning up to 85%	Earning up to 85%
Pernatty Lagoon farm-in agreement	10.0%, carried interest	Surrendering up to 90%

There are no amounts (2019: \$Nil) represented in the Group's share of assets, liabilities, revenues or expenses in respect of joint operations.

There are \$Nil (31 July 2019: \$Nil) exploration expenditure commitments in respect of joint operations.

Contingent liabilities in respect of joint operations are set out in Note 25(a).

**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 that allows the Group to earn a participating interest in the tenement.

The Group undertook to fund an exploration program on the tenement over a three-year period from 26 March 2007 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, which has not been met.

**Pernatty Lagoon farm-in agreement with Red Metal Limited**

On 15 October 2004 the Group entered into a farm-in agreement with Red Metal Limited relating to exploration on EL6014. Under the above farm-in agreement, the Group's interest has now been diluted to 10.0% (31 July 2019: 12.6%) and the Group has converted its interest into a 10.0% carried interest.

**Significant Accounting Policy: Joint Arrangements**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 24. Commitments****(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.

The Amalgamated Expenditure Agreement ('AEA') with the Department for Energy and Mining ('DEM') expired on 31 December 2019 and all conditions were met. The Group had been in discussions with the DEM regarding an AEA commencing effective from 1 January 2020. During April 2020, the South Australian government announced an immediate deferral of mineral exploration licence fees and geothermal licence fees due in the next 6 months to help alleviate the impact of COVID-19 on the mining and exploration industry. These licence fees are now not due until 31 December 2020. In addition, there is a 12 month waiver of committed exploration expenditure for all mineral exploration licence holders. Subsequently, the Group agreed in-principle the terms of two new AEAs with the DEM, both for the 2 year period ending 31 December 2021, for an overall expenditure commitment of \$10,085,000 across relevant mineral exploration tenements.

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

	31 July 2020	31 July 2019
	\$	\$
No later than 1 year	190,000	333,000
Later than 1 year but not later than 2 years	-	58,000
<b>Total exploration expenditure commitments</b>	<b>190,000</b>	<b>391,000</b>

**(b) Kalkaroo Mining Lease and Miscellaneous Purposes Licence Rental Commitments**

Non-cancellable Kalkaroo mining lease ('ML') and miscellaneous purposes licence ('MPL') rentals not provided for in the consolidated financial statements and payable:

	31 July 2020	31 July 2019
	\$	\$
No later than 1 year	131,539	131,539
Later than 1 year but not later than 5 years	526,156	526,156
Later than 5 years	1,841,554	1,973,093
<b>Total MLs and MPLs rental commitments</b>	<b>2,499,249</b>	<b>2,630,788</b>

**(c) Kalkaroo Pastoral Lease Rental Commitment**

Non-cancellable annual Kalkaroo pastoral lease rentals for future financial years have not been provided for in the consolidated financial statements. The current Kalkaroo pastoral lease rental payment is \$5,157 per annum; and will be payable annually for an indefinite period of time. During March 2020 the South Australian government, supported by the Pastoral Board, applied an across the board 50% rebate to the 2018-19 Kalkaroo pastoral lease rent and issued a subsequent refund.

**(d) Capital Expenditure Commitments**

The Group has no contractual capital expenditure commitments outstanding at 31 July 2020 (31 July 2019: \$Nil).

**(e) Operating Lease Rental Commitments**

The Group's non-cancellable operating leases are now recognised and disclosed as lease liabilities as set out in Note 15.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 25. Contingent Liabilities and Contingent Assets

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. Determination of contingent liabilities disclosed requires the exercise of significant judgement regarding the outcome of future events.

#### (a) Contingent Liabilities

##### Future production

The Group has a contingent liability to Glencore International AG in relation to payments based on 10% of the Group's share of any future mining profits from the Kalkaroo project, until the total amount paid reaches \$7,000,000. There is no indexation.

##### Production royalties

The Group has a liability for royalties contingent on projects advancing into production, see notes to Tenement Table on page 75 for royalty arrangements. In addition, South Australian Mining Leases held by the Group are subject to the payment of production royalties to the South Australian government, the rate of such royalties varies depending upon the minerals produced and sold and other factors.

##### Native title

During December 2018, a Native Title Mining Agreement ('NTMA') for Kalkaroo was executed between the Ngadjuri Adnyamathanha Wilyakali Native Title Aboriginal Corporation ('NAWNTAC') and Havilah. Annual floor payments, adjusted for CPI, are due to NAWNTAC from when the Kalkaroo project reaches commercial production. In addition, annual profits payment based on a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation), if EBITDA is positive, are due to NAWNTAC from when the Kalkaroo project reaches commercial production, but are capped until the cumulative EBITDA exceeds the cumulative capital costs of the project. The NTMA also includes employment, training, and business development opportunities for the native title holders over the life of the mine.

Native title claims also 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 on these exploration tenements 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.

##### Bank guarantees

The Group has provided restricted cash deposits of \$60,000 as security for a number of unconditional irrevocable bank guarantees for the provision of various rehabilitation bonds to the Minister for Mineral Resource Development and security for a purchase card facility provided to the Group by its banker.

Additionally, the Group has utilised \$216,000 of a non-cash backed National Australia Bank Limited guarantee facility of \$500,000 as security for the following unconditional irrevocable bank guarantees:

- a security deposit on the lease of the Group's former office premises to the South Australian Tourism Commission for \$116,000; and
- a rehabilitation bond issued by Geothermal Resources Pty Ltd for \$100,000 to the Minister for Mineral Resource Development.

##### Joint operations

In accordance with normal industry practice, the Group has entered into joint operations with other parties for the purpose of exploring and evaluating its exploration tenements. If a participant to a joint operation defaults and does not contribute its share of joint operation obligations, then the remaining joint operation participants are jointly and severally liable to meet the obligations of the defaulting participant. In this event, the equity interest in the exploration tenements held by the defaulting participant may be redistributed to the remaining joint operation participants.

In the event of a default, a contingent liability exists in respect of expenditure commitments due to be met by the Group in respect of the defaulting joint operation participant.

#### (b) Contingent Assets

Pursuant to an agreement with CMC, the Group has a contingent payment of \$3,800,000 due to it on the development of the North Portia mine and that mine achieving production revenue of \$3,500,000. There is no indexation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 26. Related Party Disclosures

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

#### (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 22.

#### (b) Remuneration of Key Management Personnel

During the financial ended 31 July 2020, several changes to the position of Key Management Personnel occurred.

Mr Walter Richards was made redundant from his role as Chief Executive Officer effective 2 October 2019. A redundancy payment (inclusive of superannuation) of \$244,141 was paid during the financial year.

Messrs Mark Stewart and Martin Janes resigned as Directors of the Company on 9 October 2019.

Messrs Victor Previn and Simon Gray were appointed Directors of the Company on 9 October 2019. On 18 December 2019, shareholders overwhelmingly approved the election of Messrs Victor Previn and Simon Gray as Directors at the Company's Annual General Meeting held in Adelaide.

Mr Victor Previn is entitled to \$30,000 per year as a Non-Executive Director, exclusive of superannuation.

As an Executive Director, Mr Simon Gray is entitled to \$80,000 per year, exclusive of superannuation, effective from 1 December 2019. Mr Gray's previous remuneration arrangement was terminated on 1 December 2019. This previous agreement entitled him to \$4,166 per month to act as Company Secretary. Mr Gray's current role includes Executive Chairman at meetings, Chief Financial Officer and Company Secretary of the Group.

During the financial year, Dr Christopher Giles (Executive Director – Technical Director) became a full-time employee of the Company. Previously, Havilah had employed him on a consultancy agreement, which expired on 31 July 2019. Dr Giles current remuneration is \$174,984 exclusive of superannuation. Dr Giles is also provided a fully maintained four-wheel drive vehicle for Company use. The executive agreement can be terminated by either party with 6 months' notice in writing.

Directors and other key management personnel remuneration is summarised as follows:

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
Short-term employee benefits	855,546	809,935
Post-employment benefits	73,458	66,776
Long-term employee benefits	6,500	15,830
Share-based payments expense	106,394	108,812
<b>Total key management personnel remuneration</b>	<b>1,041,898</b>	<b>1,001,353</b>

Detailed remuneration disclosures for key management personnel are provided in the audited Remuneration Report on page 23.

Apart from the details disclosed in this note, no Director or other key management personnel has entered into a material contract with the Group since the end of the prior financial year and there were no material contracts involving Directors' or other key management personnel interests subsisting as at 31 July 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 26. Related Party Disclosures** *(continued)***(c) Other Related Party Transactions with Directors and Related Entities**

During the financial year ended 31 July 2020 the Group incurred the following other amounts as a result of transactions with Directors and other key management personnel, including their personally related parties:

- \$2,565 (2019: \$151,000) for legal services provided by a company (Arion Legal) that is a related party of Mr Mark Stewart. The balance outstanding included in trade and other payables is \$Nil (2019: \$21,101);
- \$Nil (2019: \$20,000) for advisory services to a related entity (Balmoral Consulting) controlled by a former Havilah Director (Mr Kenneth Williams). The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil);
- \$Nil (2019: \$11,000) for accounting services to a company (ITABA Pty Ltd) controlled by a related party of Mr Walter Richards. The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil);
- \$2,400 (2019: \$9,000) for marketing and public relations support to a related party (William Giles) of Dr Christopher Giles. The balance outstanding included in trade and other payables is \$Nil (2019: \$Nil); and
- \$37,600 (2019: \$3,000) for marketing and public relations services to a social media company (Filtrd) in which a related party (William Giles) of Dr Giles has an interest. The balance outstanding included in trade and other payables is \$11,000 (2019: \$Nil).

The Group also sold gold nugget inventory for \$Nil (2019: \$30,000) 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.

**(d) Superannuation Contributions**

During the financial year the Group contributed to accumulation type benefit funds administered by external fund managers or an employee's self-managed superannuation fund. The funds cover all employees and Directors of the Company.

**Note 27. Share-based Payments**

The share-based payments plan is described below.

The Company established a Performance Rights and Share Option Plan that 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. 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;
- 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; and
- share options granted carry no dividend or voting rights.

During the financial year, the Company did not grant any share options.

Share options issued to Directors in satisfaction of performance-based awards or Investec in satisfaction of contractual obligations were issued pursuant to resolutions approved by shareholders at relevant AGMs.

Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 27. Share-based Payments (continued)

The following summary reconciles the outstanding share options over unissued ordinary shares in the Company at the beginning and end of the financial year:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		\$		\$
Balance at beginning of financial year	17,319,255	0.26	4,250,000	0.37
Issued during financial year	-	-	16,719,255	0.26
Exercised during financial year	-	-	-	-
Expired during financial year	-	-	(3,650,000)	0.36
Balance at end of financial year	17,319,255	0.26	17,319,255	0.26
Exercisable at end of financial year	17,026,407	0.25	3,180,215	0.29

Details of share options outstanding at the end of the financial year are:

Grant date	Number	Grant date fair value	Exercise price	Expiry date
11 December 2017 (Director <sup>1</sup> )	600,000	\$0.06	\$0.40	12 December 2020
1 November 2018 (Investec <sup>2</sup> )	5,000,000	\$0.06	\$0.234	1 November 2021
12 December 2018 (Director <sup>1</sup> )	2,400,000	\$0.03	\$0.36	12 December 2021
20 December 2018 (Investec <sup>2</sup> )	2,500,000	\$0.07	\$0.22	20 December 2021
11 July 2019 (Employee <sup>3</sup> )	3,317,651	\$0.05	\$0.22	11 July 2023
11 July 2019 (Employee <sup>3</sup> )	3,501,604	\$0.05	\$0.28	11 July 2023
Total	17,319,255			

<sup>1</sup> Unlisted share options issued to Directors.

<sup>2</sup> Unlisted share options issued to Investec under a prior financial year funding agreement.

<sup>3</sup> Unlisted share options issued to employees under the Performance Rights and Share Option Plan.

Share options outstanding at the end of the financial year had a weighted average exercise price of \$0.26 (31 July 2019: \$0.26), a range of exercise prices from \$0.40 to \$0.22 (31 July 2019: \$0.22 to \$0.40), with a weighted average remaining contractual life of 735 days (31 July 2019: 1,068 days).

**Significant Accounting Estimates, Assumptions and Judgements: Share-based Payments**

The share options issued by Havilah during the prior financial year were priced using the binomial option pricing model, the assumptions and inputs used in estimating fair value at grant date of the unlisted share options were:

Issue date	Share price at grant date	Exercise price	Expected volatility	Share option life	Expected dividends	Risk free interest rate
11 July 2019	\$0.14	\$0.22/ \$0.28	64.8%	3 years	-	1.25%

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.

Historical volatility was the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 27. Share-based Payments (continued)

	Financial Year Ended	
	31 July 2020	31 July 2019
	\$	\$
<b>Share-based payments expense:</b>		
Director share options	(36,804)	(33,836)
Employee share option plan	(167,058)	(180,410)
Investec	(117,939)	(375,256)
<b>Total share-based payments expense</b>	<b>(321,801)</b>	<b>(589,502)</b>

**Significant Accounting Policy: Share-based Payments**

Equity-settled share-based payments expense relates to the value of share options allocated to particular financial periods in accordance with Australian Accounting Standard AASB 2 'Share-based Payment', which requires the fair value of a share option at grant date to be allocated equally over the period from grant date to vesting date based on the Group's estimate of ordinary shares that will eventually vest, adjusted for not meeting the vesting condition. For share options that vest immediately, the value is disclosed as an expense immediately.

Fair value is measured by use of the binomial option pricing method. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

## Note 28. Parent Company Financial Information

	Parent Company	
	31 July 2020	31 July 2019
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	1,734,923	216,813
Non-current assets	31,651,724	43,651,952
<b>Total assets</b>	<b>33,386,647</b>	<b>43,868,765</b>
Current liabilities	1,995,574	5,777,227
Non-current liabilities	63,869	397,893
<b>Total liabilities</b>	<b>2,059,443</b>	<b>6,175,120</b>
<b>Net assets</b>	<b>31,327,204</b>	<b>37,693,645</b>
Contributed equity	76,906,563	71,674,794
Share-based payments reserve	945,862	681,360
Accumulated losses	(46,525,221)	(34,662,509)
<b>Total equity</b>	<b>31,327,204</b>	<b>37,693,645</b>
Loss for financial year	(11,920,011)	(7,496,936)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(11,920,011)</b>	<b>(7,496,936)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 28. Parent Company Financial Information** *(continued)***Commitments for Expenditure and Contingent Liabilities of Parent Company****(a) Exploration Expenditure Commitments**

The exploration expenditure commitments are similar to that of the Group as disclosed in Note 24(a).

**(b) Guarantees**

The circumstances around guarantees for the Parent Company are similar to that of the Group as disclosed in Note 25(a).

**(c) Native Title**

The circumstances around native title for the Parent Company are similar to that of the Group as disclosed in Note 25(a).

**Note 29. Subsequent Events**

The Annual Report was authorised for issue by the Board of Directors on 27 October 2020. The Board of Directors has the power to amend and reissue this Annual Report.

There has been no other 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.

**DIRECTORS' DECLARATION**

The Directors' declare that:

- (a) in the Directors' opinion, the consolidated financial statements and notes, set out on pages 32 to 67, 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 2020 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 Chief Financial Officer 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 Chairman

27 October 2020

# Independent Auditor's Report

## To the Members of Havilah Resources Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Havilah Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 July 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 July 2020 and of its performance for the year ended on that date; and
- b 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 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 attention to Note 2 in the financial report, which indicates that the Group incurred a net loss from continuing operations of \$4,726,429 and a cash outflow from operating and investing activities of \$4,779,553 during the year ended 31 July 2020. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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 our audit addressed the key audit matter
<p><b>Exploration and evaluation assets – Note 9</b></p> <p>At 31 July 2020 the carrying value of exploration and evaluation assets was \$36,244,499.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining management’s reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management’s area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> <li>– tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>– enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure;</li> <li>– understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;</li> </ul> </li> <li>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;</li> <li>• evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

## Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s Directors report for the year ended 31 July 2020, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included the Directors' report for the year ended 31 July 2020.

In our opinion, the Remuneration Report of Havilah Resources Limited, for the year ended 31 July 2020 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 27 October 2020



**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 19 October 2020.

**Distribution of Shareholding**

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	71,515
1,001 to 5,000	945	2,954,517
5,001 to 10,000	576	4,441,897
10,001 to 100,000	1,193	42,412,881
100,001 to 1,000,000	226	58,929,880
More than 1,000,000	31	162,134,990
<b>Total</b>	<b>3,219</b>	<b>270,945,680</b>

There were 656 shareholders holding less than a marketable parcel of ordinary shares to the value of \$500.

**Twenty Largest Shareholders: Ordinary Shares (ASX Issuer Code: HAV)**

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

Shareholder	Number Held	% of Total Issued Ordinary Shares
1 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	21,053,710	7.77
2 FIRST NAMES (JERSEY) LIMITED	18,014,442	6.65
3 TRINDAL PTY LTD <THE WILPENNA A/C>	17,457,718	6.44
4 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,611,950	5.39
5 TRINDAL PTY LTD	11,073,918	4.09
6 GLENCORE AUSTRALIA HOLDINGS PTY LTD	10,153,756	3.75
7 TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	9,716,599	3.59
8 MR PAUL CLARK	8,000,000	2.95
9 WOOLSTHORPE INVESTMENTS LIMITED	6,480,514	2.39
10 EST MR BRIAN KENNETH MURPHY <MURPHY'S SUPER FUND A/C>	3,687,554	1.36
11 MISS KRYSZYNA HELENA KASPEROWICZ	3,525,000	1.30
12 TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	3,437,357	1.27
13 STATSMIN NOMINEES PTY LTD	3,224,632	1.19
14 CITICORP NOMINEES PTY LIMITED	2,766,594	1.02
15 HNC HOLDINGS PTY LTD	2,625,000	0.97
16 CRAIG PARK PTY LTD	2,563,669	0.95
17 STATSMIN NOMINEES PTY LTD <STATSMIN SUPER FUND A/C>	2,470,802	0.91
18 JETOSEA PTY LTD	2,205,096	0.81
19 TALAGER PTY LTD	1,996,434	0.74
20 DIANNE PEARL INVESTMENTS PTY LTD <DIANNE PEARL FAMILY A/C>	1,935,851	0.71
<b>Total</b>	<b>147,000,596</b>	<b>54.25</b>

**ADDITIONAL SECURITIES EXCHANGE INFORMATION** *(continued)***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:

Shareholder	Number Held	% of Total Issued Ordinary Shares
Trindal Pty Ltd	41,945,674	15.48
IQ EQ (Jersey) Limited (formerly, First Names (Jersey) Limited) as Trustee for The Ayscough Trust	40,467,686	14.94
Republic Investment Management Pte. Ltd.	15,898,489	5.87
Total	98,311,849	36.28

**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 plan	19	6,819,255
Investec	1	7,500,000
Total	22	17,319,255

**Voting Rights****(a) Ordinary Shares, Fully Paid**

Voting rights of shareholders are governed by the Company's Constitution. The Constitution can be found [on the Company's website](#).

**(b) 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, South Australia 5000.

## TENEMENT SCHEDULE AS AT 31 JULY 2020

Location	Project Name	Tenement No	Tenement Name	Registered Owner <sup>1</sup>	% Interest	Status
South Australia	Curnamona	5578	Kalabity	Havilah	100	Current
South Australia	Curnamona	5593	Billeroo West	Havilah	100	Current
South Australia	Curnamona	5703	Bundera	Copper Aura	100	Current
South Australia	Curnamona	5753	Mutooroo Mine	Copper Aura	100	Current
South Australia	Curnamona	5754	Mundi Mundi	Havilah	100	Current
South Australia	Curnamona	5755	Bonython Hill	Copper Aura	100	Current
South Australia	Curnamona	5760	Bumbarlow	Havilah	100	Current
South Australia	Curnamona	5764	Maljanapa	Havilah	100	Current
South Australia	Curnamona	5785	Moko	Havilah	100	Current
South Australia	Curnamona	5800	Kalkaroo	Havilah	100	Current
South Australia	Curnamona	5801	Mutooroo West	Copper Aura	100	Current
South Australia	Curnamona	5802	Mulyungarie	Havilah	100	Current
South Australia	Curnamona	5803	Telechie North	Havilah	100	Current
South Australia	Curnamona	5824	Coolibah Dam	Havilah	100	Current
South Australia	Curnamona	5831	Bonython Hill (2)	Copper Aura	100	Current
South Australia	Curnamona	5848	Mingary (2)	Iron Genesis	100	Current
South Australia	Curnamona	5853	Oratan	Havilah	100	Current
South Australia	Curnamona	5873 <sup>2</sup>	Benagerie	Havilah	100	Current
South Australia	Curnamona	5882	Mutooroo(2)	Copper Aura	100	Current
South Australia	Curnamona	5891 <sup>3</sup>	Prospect Hill	Teale & Brewer	65	Current
South Australia	Curnamona	5903	Border Block	Havilah	100	Current
South Australia	Curnamona	5904	Mundaerno Hill	Havilah	100	Current
South Australia	Curnamona	5915 <sup>2</sup>	Emu Dam	Havilah	100	Current
South Australia	Curnamona	5940	Coonarbine	Havilah	100	Current
South Australia	Curnamona	5951	Jacks Find	Curnamona Energy	100	Current
South Australia	Curnamona	5952	Thurlooka	Curnamona Energy	100	Current
South Australia	Curnamona	5956	Wompinie	Havilah	100	Current
South Australia	Curnamona	5964	Yalkalpo East	Curnamona Energy	100	Current
South Australia	Curnamona	5966	Moolawatana	Curnamona Energy	100	Current
South Australia	Gawler Craton	6014 <sup>4</sup>	Pernatty	Red Metal Limited	10	Current
South Australia	Curnamona	6041	Cutana	Iron Genesis	100	Current
South Australia	Curnamona	6054	Bindarra	Iron Genesis	100	Current
South Australia	Curnamona	6056	Frome	Curnamona Energy	100	Current
South Australia	Curnamona	6099	Lake Carnanto	Havilah	100	Current
South Australia	Curnamona	6161	Chocolate Dam	Havilah	100	Current
South Australia	Curnamona	6163	Mutooroo South	Copper Aura	100	Current
South Australia	Curnamona	6164	Cootabarlow	Havilah	100	Current
South Australia	Curnamona	6165	Poverty Lake	Havilah	100	Current
South Australia	Curnamona	6194	Bundera Dam	Havilah	100	Current
South Australia	Curnamona	6203	Watsons Bore	Havilah	100	Current
South Australia	Curnamona	6211	Cochra	Havilah	100	Current
South Australia	Curnamona	6258	Kidman Bore	Havilah	100	Current
South Australia	Curnamona	6271	Prospect Hill SW	Havilah	100	Current
South Australia	Curnamona	6280 <sup>5</sup>	Mingary	Iron Genesis	100	Current
South Australia	Curnamona	6298	Yalkalpo	Curnamona Energy	100	Current
South Australia	Curnamona	6323	Lake Charles	Havilah	100	Current
South Australia	Curnamona	6355	Olary	Havilah	100	Current
South Australia	Curnamona	6356	Lake Namba	Havilah	100	Current
South Australia	Curnamona	6357	Swamp Dam	Havilah	100	Current
South Australia	Curnamona	6358	Telechie	Havilah	100	Current
South Australia	Curnamona	6359	Yalu	Havilah	100	Current
South Australia	Curnamona	6360	Woodville Dam	Havilah	100	Current
South Australia	Curnamona	6361	Tepco	Iron Genesis	100	Current
South Australia	Curnamona	6370	Carnanto	Havilah	100	Current
South Australia	Curnamona	6408	Lake Yandra	Havilah	100	Current
South Australia	Curnamona	6409	Tarkarooloo	Havilah	100	Current
South Australia	Curnamona	6410	Lucky Hit Bore	Havilah	100	Current
South Australia	Curnamona	6411	Coombs Bore	Havilah	100	Current
South Australia	Curnamona	6415	Eurinilla	Havilah	100	Current
South Australia	Curnamona	6428	Collins Tank	Havilah	100	Current
South Australia	Curnamona	6434	Lake Frome	Havilah	100	Current
South Australia	Gawler Craton	6468	Sandstone	Havilah	100	Current
South Australia	Frome	GEL181	Frome	Geothermal	100	Current

Location	Project Name	Tenement No	Tenement Name	Registered Owner <sup>1</sup>	% Interest	Status
South Australia	Kalkaroo	ML6498	Kalkaroo	Kalkaroo	100	Current
South Australia	Kalkaroo	ML6499	Kalkaroo	Kalkaroo	100	Current
South Australia	Kalkaroo	ML6500	Kalkaroo	Kalkaroo	100	Current
South Australia	Kalkaroo	MPL158	Kalkaroo	Kalkaroo	100	Current
South Australia	Kalkaroo	MPL159	Kalkaroo	Kalkaroo	100	Current
South Australia	Kalkaroo	MC3828	Kalkaroo	Kalkaroo	100	Current
South Australia	Maldorky	MC4271	Maldorky	Maldorky	100	Current
South Australia	Maldorky	MC4272	Maldorky	Maldorky	100	Current
South Australia	Maldorky	MC4273	Maldorky	Maldorky	100	Current
South Australia	Maldorky	MC4274	Maldorky	Maldorky	100	Current
South Australia	Maldorky	MC4364	Maldorky	Maldorky	100	Current
South Australia	Mutooroo	ML5678	Mutooroo	Havilah	100	Current
South Australia	Mutooroo	MC3565	Mutooroo	Mutooroo	100	Current
South Australia	Mutooroo	MC3566	Mutooroo	Mutooroo	100	Current

### Notes to Tenement Table as at 31 July 2020

#### Note 1

Havilah:	Havilah Resources Limited
Copper Aura:	Copper Aura Pty Ltd, a wholly owned subsidiary of Havilah Resources Limited
Curnamona Energy:	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 Limited

**Note 3** - Agreement – farm-in to earn 85% interest in tenement

**Note 4** - Agreement – farm-in, carried interest 10%

**Note 5** - 1.25% NSR royalty payable to Exco Operations (SA) Pty Limited, Polymetals (White Dam) Pty Ltd

## GLOSSARY

Term	Definition
<b>AUD, A\$, \$ or cents</b>	Units of Australian currency.
<b>AASB</b>	Australian Accounting Standards Board.
<b>ADI</b>	Accelerated Discovery Initiative.
<b>AEA</b>	Amalgamated Expenditure Agreement.
<b>AGM</b>	Annual General Meeting.
<b>ASX</b>	ASX Limited ABN 98 008 624 691, trading as Australian Securities Exchange.
<b>ATO</b>	Australian Taxation Office.
<b>CMC</b>	Consolidated Mining & Civil Pty Ltd.
<b>Company</b>	Havilah Resources Limited.
<b>consolidated entity</b>	the consolidated entity consists of Havilah Resources Limited and its subsidiaries. The provisions of the <i>Corporations Act 2001</i> use the term 'consolidated entity', rather than 'Group', to refer to the Parent Company and the subsidiaries included in the consolidated financial statements.
<b>COVID-19</b>	coronavirus disease 2019.
<b>CPI</b>	Consumer price index.
<b>DEM</b>	Department for Energy and Mining. The regulator in South Australia.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation.
<b>ELA</b>	Exploration Licence Application.
<b>EL</b>	Exploration Licence.
<b>Entitlement Offer</b>	On 25 October 2019 the Company opened a non-renounceable pro-rata entitlement offer of ordinary shares to eligible shareholders on the basis of 1 new ordinary share for every 4 ordinary shares held at an offer price of \$0.10 per new ordinary share. The Entitlement Offer closed on 11 November 2019.
<b>eU3O8</b>	equivalent uranium oxide.
<b>Fe</b>	iron.
<b>FVTPL</b>	fair value through profit and loss.
<b>financial year</b>	the financial year ended 31 July 2020.
<b>GEL</b>	Geothermal Exploration Licence.
<b>Group</b>	Havilah Resources Limited and its subsidiaries.
<b>GST</b>	Goods and Services Tax.
<b>g/t</b>	gram/tonne.
<b>Havilah</b>	Havilah Resources Limited.
<b>Investec</b>	Investec Australia Finance Pty Limited.
<b>ISD</b>	Insufficient Data.
<b>JORC</b>	Joint Ore Reserves Committee.
<b>JORC Code</b>	Australasian Code for reporting of exploration results, Mineral Resources and Ore Reserves.
<b>km</b>	kilometres.
<b>Km<sup>2</sup></b>	square kilometre.
<b>Koz</b>	thousand troy ounces.

**GLOSSARY** *(continued)*

<b>Term</b>	<b>Definition</b>
<b>Kt</b>	thousand tonnes.
<b>MC</b>	Mineral Claim.
<b>MEPL</b>	Mines Exploration Pty Ltd.
<b>ML</b>	Mining Lease.
<b>MPL</b>	Miscellaneous Purposes Licence.
<b>MT</b>	magnetotelluric.
<b>Mt</b>	million tonnes.
<b>NAWNTAC</b>	Ngadjuri Adnyamathanha Wilyakali Native Title Aboriginal Corporation.
<b>NPV</b>	Net Present Value. NPV is based on 100% equity, real (2019) terms and ungeared. The model is based on calendar years.
<b>NSR</b>	Net Smelter Return.
<b>NTMA</b>	Native Title Mining Agreement.
<b>oz</b>	troy ounces.
<b>Parent Company</b>	Havilah Resources Limited.
<b>PFS</b>	pre-feasibility study.
<b>Plan</b>	Performance Rights and Share Option Plan.
<b>ppm</b>	parts per million (1 ppm = 1 g/t).
<b>REE</b>	rare earth elements.
<b>Shortfall Shares</b>	The number of new ordinary shares under the Entitlement Offer not applied for by eligible shareholders under their entitlement or offered to shareholders because they are ineligible shareholders, provided that the Company makes the issue within three months after the close of the Entitlement Offer and the issue price is not less than \$0.10 per new ordinary share.
<b>SIMEC Mining</b>	OneSteel Manufacturing Pty Ltd (trading as SIMEC Mining), a member of GFG Alliance.
<b>t</b>	tonnes.
<b>TREO</b>	Total rare earth oxides.
<b>USD or US\$</b>	United States dollars.



**CORPORATE DIRECTORY****Board of Directors**

Mr Victor Previn (Non-Executive Director)

Mr Simon Gray (Executive Director – Chairman)

Dr Christopher Giles (Executive Director – Technical Director)

**Company Secretary**

Mr Simon Gray

**Havilah Contact Details**

Havilah Resources Limited

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ABN: 39 077 435 520

**External Auditor**

Grant Thornton Audit Pty Ltd

Level 3, 170 Frome Street, Adelaide, South Australia 5000

Correspondence to: GPO Box 1270 Adelaide, South Australia 5001

**Share Registrar**

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Sunset over the Kalkaroo exploration basecamp owned by the Havilah Group (drone photograph courtesy of Reece Singleton, a former Havilah Group employee)