



Dear Fellow Shareholders,

I am pleased to address some questions which shareholders have raised ahead of the 2018 Annual General Meeting (**AGM**) to be held on 12 December 2018.

I thank those shareholders who have already voted for their support and ask that any shareholders who have not voted to please return your votes as soon as practicable. For your vote to be effective it must be received by 10:00 am (Adelaide time) Monday, 10 December.

Please refer to the attached which sets out additional clarifying background on the AGM resolutions based on feedback and questions received to date.

Yours sincerely,

Kenneth Williams
Chairman

2018 Annual General Meeting
Notice of Meeting - Questions and Answers

1) Q: Why are Mr Stewart's unlisted options up for ratification and not approval (Resolution 3)?

A: Mr Stewart's unlisted options were awarded to him as part of his Non-executive Director letter of appointment, which was agreed and finalised prior to his appointment as a Director and are therefore not subject to prior shareholder approval. The Board, consistent with prior unlisted option awards to Directors, does however want the shareholders to have the opportunity to express their views regarding this award and is therefore requesting ratification. The consequence of the grant of the options not being ratified is that the Company's 15% placement capacity under ASX Listing Rule 7.1. will be reduced by the number of unlisted options awarded to Mr Stewart.

2) Q: Were Mr Stewarts unlisted options awarded under the Employee Share Option Plan?

A: The unlisted options were issued under Mr Stewart's Non-executive Director letter of appointment.

3) Q: Can Non-Executive Directors be awarded performance rights and share options under the Performance Rights and Share Option Plan (Resolution 4)?

A: No, only employees and Executive Directors who are employees can participate in the plan. Employees and Executive Directors can also only participate in this plan if they are invited by the Board and the Board must consider a number of factors in the plan relevant to that employee to ensure their participation is appropriate. The ability of the Company to issue performance rights or share options to employees affords the Company the opportunity to compete for talented employees in the labour market and retain existing talent in an environment where, given its size, Havilah cannot compete on a base cash salary alone.

4) Q: Can Dr Giles participate in the Performance Rights and Share Option Plan since he is an Executive Director (Resolution 4)?

A: No, Dr Giles cannot participate in this plan as he is not an employee of the Company, but rather a consultant engaged via his consulting entity as disclosed in the Annual Report.

5) Q: What are the consequences if the Performance Rights and Share Option Plan is not approved (Resolution 4)?

A: The Performance Rights and Share Option Plan has been approved by the Board. The approval sought from shareholders is to allow the Company to exclude the Rights and Share Options issued under this plan from the Company's 15% placement capacity under ASX Listing Rule 7.1. The passing of this resolution would mean that the Company's fund-raising capacity would not be diminished by the issuing of these performance rights and share options.

6) Q: What about the Company's existing Share Option Plan that has previously been approved by shareholders?

A: As reported in the Annual Report, the approval (under Listing Rule 7.2 Exception 9) of this share option plan has expired. That resulted in all options issued under this plan since the expiry of the 3 year approval period reducing the Company's 15% placement capacity under ASX Listing Rule 7.1 in each revolving 12 month period. The existing plan will terminate as soon as all options issued under this plan and that are currently in existence, have expired or been exercised, whichever occurs first.

7) Q: Why did the Company choose to enter into the Investec standby facility?

A: Payment from the divestment of North Portia is dependent on the completion of permitting, a process over which the Company does not have full control. As a contingency measure, the Board considered it prudent to have a back-up funding plan in place. Issuing equity via an ordinary capital raising was considered, but the Board is of the opinion that the share price of the Company is currently depressed and that the issue of equity will result in significant dilution. The Investec standby facility provides access to funds during this period while the North Portia permitting is completed.

8) Q: What are the consequences if shareholders do not ratify/approve the issuing of options to Investec (Resolution 5 and 6)?

A: The first 5 million options have already been issued to Investec. The second 5 million options will be issued if and when the standby facility is actually utilised should the need arise. If the relevant resolutions are not passed by shareholders, then the Company's 15% placement capacity under ASX Listing Rule 7.1 will be reduced by the number of options issued to Investec.

9) Q: Why is the Company seeking approval to issue an additional 10% of capital on top of the 15% placement capacity under ASX Listing Rule 7.1?

A: The Board would like to maintain maximum flexibility to take advantage of potential capital raising opportunities to advance the Copper Strategy – Enhanced by Cobalt, with the main constraint being funding. Entering into the Investec standby facility demonstrates the Board's intent to manage dilution and demonstrates that the Board will be prudent in managing this 10% capacity.

10) Q: There is an ever increasing focus on the importance for Boards to consist of a majority of Independent Directors. With this in mind, is Mr Mark Stewart considered to be an Independent Director?

A: The Board acknowledges that Mr Mark Stewart, as principal of a law firm that provides legal services to the Company, has a position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations. In accordance with the Company's Board of Directors Charter, the Board has undertaken a formal assessment of Mr Stewart's independence. After consideration of the relevant factors in assessing independence, including those outlined in Box 2.3, the Board is of the view that such a relationship does not compromise the independence of Mr Stewart. This formal assessment was undertaken by the Company prior to the finalisation of the Annual Report and will continue to be assessed and monitored. Mr Stewart did not participate in this assessment and abstained from the Board's review and approval process. The current Havilah Board therefore consists of Mr Kenneth Williams (Independent Non-Executive Chairman), Mr Mark Stewart (Independent Non-Executive Director, and Chairman of the Audit & Risk Committee), and Dr Chris Giles (Executive Director-Technical).