



Havilah Resources Limited

ABN 39 077 435 520

Notice of Extraordinary General Meeting

Explanatory Notes

Date of meeting

4 February 2019

Time of meeting

10:00am (Adelaide time)

Place of meeting

'The Auditorium'
The Science Exchange
55 Exchange Place
Adelaide SA 5000

VOTE AGAINST

The directors of Havilah Resources Limited recommend that shareholders VOTE AGAINST the resolutions set out in this Notice of Extraordinary General Meeting

This Notice of Extraordinary General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Notice of Extraordinary General Meeting

Havilah Resources Limited ABN 39 077 435 520 (**Company**) will hold an extraordinary general meeting at 'The Auditorium' The Science Exchange, 55 Exchange Place, Adelaide SA 5000 on 4 February 2019 at 10:00am (Adelaide time) (**Meeting**).

The Explanatory Notes that accompany and form part of this notice of extraordinary general meeting (**Notice**) describe the matters to be considered at the meeting.

AGENDA

SPECIAL BUSINESS

Resolution 1 – Removal of Mr Mark Robert Stewart as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, in accordance with the Constitution of the Company, Mr Mark Robert Stewart be removed as an independent non-executive director of the Company, effective immediately on the passing of this resolution."

Resolution 2 – Removal of Mr Kenneth Graham Williams as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, in accordance with the Constitution of the Company, Mr Kenneth Graham Williams be removed as an independent non-executive director of the Company, effective immediately on the passing of this resolution."

VOTING AND THE PROXY

For the purpose of determining the voting entitlements at the meeting, the board has determined that shares in the Company will be taken to be held by the registered holders of those shares at 6.30pm (Adelaide time) on 2 February 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

A shareholder who is entitled to attend and cast a vote at the meeting and who wishes to vote on the resolutions contained in this Notice should either attend in person, or appoint a proxy or proxies to attend or vote on the shareholder's behalf. A proxy form is enclosed with this Notice. The proxy or proxies do not need to be a shareholder of the Company. A shareholder that is a body corporate may appoint a representative to attend in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**). If a representative of a shareholder that is a body corporate is to attend the Meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission to the Meeting. A form of that certificate may be obtained from the Company's share registry.

A shareholder entitled to attend and to cast two or more votes is entitled to appoint two proxies. Where two proxies are appointed, each appointment may specify the proportion of the shareholder's voting rights that the proxy may exercise. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes able to be cast by the appointing shareholder.

The proxy form (and any power of attorney under which it is signed) must be received at the address below not later than 10.00am (Adelaide time) on 2 February 2019 (being 48 hours before the commencement of the meeting). Any proxy forms received after that time will not be valid for the meeting.

Completed proxy forms should be sent to the Company's share registrar, Computershare Investor Services Pty Limited as follows:

- By mail: Havilah Resources Limited
c/- Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3000
Australia
- By fax: Havilah Resources Limited
c/- Computershare Investor Services Pty Limited
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
- Online: www.investorvote.com.au
To use this facility you will need your holder number (SIN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website or at the Company's registered office at 164 Fullarton Road, Dulwich SA 5065 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the Proxy Form proposes to vote.
- Custodian voting: For Intermediary Online subscribers only: www.intermediaryonline.com

DATED THIS 24TH DAY OF DECEMBER 2018
BY ORDER OF THE BOARD



Claire Redman
Company Secretary

Explanatory Notes

These Explanatory Notes have been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the extraordinary general meeting of the Company. The directors recommend shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions. The directors also recommend shareholders read the instructions on the proxy form in full if they intend to vote by proxy.

SPECIAL BUSINESS

Resolution 1 and Resolution 2 – Background

On 4 December 2018, the Company received a request to call and arrange to hold a general meeting of shareholders pursuant to section 249D of the Corporations Act to consider each of Resolutions 1 and 2 set out in this Notice of Meeting (**Requisition Notice**) from eight shareholders named in that notice (**Requisitioning Shareholders**).

The directors recommend shareholders vote against these resolutions, which are being put to shareholders at the request of a group of shareholders who collectively hold only 8.1% of total shares on issue in the Company. The Company's major shareholder, Trindal Pty Ltd, which holds 19.2% of total shares in the Company, has a representative on the Board in Dr Giles (who is an executive director of the Company). The balance and majority of the directors are independent. The Board does not consider it appropriate that the Requesting Shareholders, who collectively hold only a small proportion of total shares in the Company, should dictate the composition of the Board moving forward.

As announced by way of ASX announcement on 11 December 2018, the Company is committed to rejuvenating its Board by appointing an independent and technically skilled non-executive director with project delivery experience to replace long serving director Mr Williams, who stepped down from the position of chairman at the conclusion of the 2018 AGM and who has committed to resigning as a director upon the appointment of this new director. The Company is well advanced in its discussions with this proposed new director, and expects to be in a position to appoint this person as a director in the near future but this may not occur before the Meeting. In the event that this proposed new director is appointed before the Meeting, Mr Williams has indicated that he would resign (as previously announced) and Resolution 2 would not be put.

The directors consider that this new Board, comprising independent director Mr Stewart as chairman, executive director Dr Giles and this new independent director, will be well suited to take the Company forward and to ensure that the Board maintains a majority of independent directors to represent the interests of all shareholders. The Board consisting of a majority of independent directors is consistent with Recommendation 2.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The directors note the passing of either or both of Resolutions 1 and 2 would cause the Company to be in breach of section 201A(2) of the Corporations Act, which requires that a public company must have at least three directors. Should this occur, the remaining director or directors would have an obligation to remedy such breach by exercising their power under clause 37.4 of the Company's constitution to appoint an additional director or additional directors. The directors have not at the date of this Notice determined who would be appointed to fill any such vacancies.

The directors of Havilah Resources Limited recommend that shareholders VOTE AGAINST Resolution 1 and VOTE AGAINST Resolution 2 set out in this Notice of Extraordinary General Meeting.

The directors note that the Requisition Notice also sought to have two further resolutions considered by shareholders at the Meeting, being the election of each of Mr Peter Andrew Johnson and Mr Richard Charles Buckley as directors. However, each of those proposed directors has failed to provide the Company with both a signed consent to act as a director and a nomination in writing signed by at least 50 members or members between them with at least 5% of the votes that may be cast at the Meeting within the timeframe required by the Company's constitution. Those persons

are therefore ineligible to be elected as directors at the Meeting in accordance with clause 37.3 of the Company's constitution and the proposed resolutions for their election will not be put to the Meeting. Neither the directors nor shareholders have the right to waive compliance with this eligibility requirement. A copy of the Company's constitution, which outlines these eligibility requirements, is available on the Company's website (<http://www.havilah-resources.com.au/company/corporate-governance/>).

The Requesting Shareholders requested that the Company provide shareholders with a statement in connection with Resolutions 1 and 2 (and the proposed resolutions not put to the Meeting) in accordance with section 249P of the Corporations Act. That statement is annexed to this Notice. The directors in no way endorse the statement and simply provide it in the form in which it was provided to the Company as is required by the Corporation Act.

Resolution 1 – Removal of Mr Mark Robert Stewart as a Director

Resolution 1 is for the removal of Mr Mark Robert Stewart as a director.

Mr Stewart has over 24 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. He worked as an in-house lawyer for Anglo American plc (Anglo) for over ten years, negotiating acquisitions and joint ventures throughout Africa and South East Asia and interacting with governments regarding their mineral, fiscal and investment codes.

Mr Stewart has broad commercial experience in the junior mining and resources sector having worked for junior listed resource companies from 2003 to 2010, including several years as Managing Director of two Australian Stock Exchange (ASX) listed exploration companies, which he listed in 2005 and 2007. Mr Stewart holds a Bachelor of Journalism majoring in Journalism and Law from Rhodes University (South Africa) and a Bachelor of Laws from the University of Cape Town (South Africa). He also holds post-graduate diplomas in both Company Law and Tax from the University of Witwatersrand (South Africa) and is a member of the Australian Institute of Company Directors.

Mr Stewart has spent the last few years in Adelaide, Australia, where he has been practising as a commercial and corporate lawyer advising on negotiations in relation to cross-border transactions, joint ventures, mergers and acquisitions, infrastructure and capital raising.

Mr Stewart has been a director since December 2017 and was recently re-elected as a director at the Company's 2018 annual general meeting. Mr Stewart is the Chairman of the Company and he is an independent director.

Directors' Recommendation

The directors of the Company are against the removal of Mr Mark Robert Stewart as a director and **recommend that Shareholders VOTE AGAINST Resolution 1.**

Resolution 2 – Removal of Mr Kenneth Graham Williams as a Director

Resolution 2 is for the removal of Mr Kenneth Graham Williams as a director.

Mr Williams has extensive experience in corporate finance and risk management, complementing the technical skills of the other directors. He held senior roles in the treasury operations at Qantas Airways Limited and Normandy Mining Limited, before becoming Chief Financial Officer of Normandy and was Group Executive Finance & Business Management at Newmont Australia Limited. Mr Williams was also Chairman of a former ASX listed company, AWE Limited, and is the current Chairman of Statewide Super SA. Mr Williams is a resident of Adelaide and a member of the Australian Institute of Company Directors.

Mr Williams has been a director of the Company since December 2003 and was Chairman of the Company from November 2013 to until the end of the Company's 2018 annual general meeting, at which time he stepped down from that role.

Mr Williams has indicated that he would resign (as previously announced) in the event that the proposed new director is appointed before the Meeting. If that was to occur, Resolution 2 would not be put.

Directors' Recommendation

The directors of the Company are against the removal of Mr Kenneth Graham Williams as a director of the Company and recommend that Shareholders **VOTE AGAINST** Resolution 2.

Annexure – Statement provided to the Company

The statement set out below was provided to the Company by the Requisitioning Shareholders, who requested in accordance with section 249P of the Corporations Act that it be provided to shareholders together with the Notice.

The directors in no way endorse the statement and simply provide it in the form in which it was provided to the Company as is required by the Corporation Act.

Members' Statement

4th December 2018

Dear Fellow Shareholders,

The members of Havilah Resources Limited (the 'Company' or 'Havilah') detailed above have requisitioned a general meeting of the Company to consider changes to the Board of Directors (the 'Board') of the Company because we have some serious concerns about the performance, strategy and operation of the Company under the leadership and guidance of the current Board.

The directors nominated by the requisitioning shareholders hold 1.41% of shares in Havilah. The directors proposed for removal under the resolutions above hold 0.34% of shares in Havilah. Our intention in calling a general meeting of the Company is not to gain control of Havilah, but we do believe there is a need for implementation of a more sustainable and more successful strategy and approach for the operation of the Company. Our intention is to enable the Company to better realise the exploration potential of its mineral tenement holdings and progress the development of its existing JORC mineral resources and ore reserves in a manner which best realises maximum value for shareholders without putting the Company at unnecessary risk.

Our concerns are borne out of the following facts relating to the Company's performance, strategy or operation in recent years:

- 1) The share price of the Company has remained essentially unchanged during the past 12 months, despite numerous opportunities to realise value from several of the Company's projects. Management has failed on numerous occasions to meet its stated objectives and timelines from its 'Havilah's 2018 Business Plan Scorecard', and the Board appears to have failed to hold Management accountable;
- 2) The frequency of successful discovery of orebodies by the Company has fallen to zero. Since 2012 there have been no new JORC mineral resources (projects) added to the Company's inventory. The Company appears to have lost focus on what was its core strength and ability to generate shareholder value. Our aim for the Company will be to add one new JORC mineral resource (project) per calendar year going forward;
- 3) On 5 October 2017, Havilah announced a Funding Agreement with Bergen Global Opportunity Fund II, LLC ('Bergen'). During March 2018, the Funding Agreement with Bergen was concluded. Total funds received under the Funding Agreement were \$1.2 million, well short of the Board and Management's expectation of \$2.0 million when it was originally announced (Havilah ASX releases of 5 October 2017 and 26 March 2018);
- 4) During early June 2018, an agreement was made with Consolidated Mining & Civil Pty Ltd ('CMC') for the divestment by Havilah of Benagerie Gold Pty Ltd, the owner of the mining lease on which the Portia gold mine and the North Portia copper-cobalt-gold orebody occur. This transaction failed to realise substantial cash flow because \$12.5 million of sale consideration was deferred, rather than paid upfront, with completion of permitting for North Portia the responsibility of Havilah rather than CMC (Havilah ASX release of 4 June 2018). In addition, CMC unilaterally closed the Portia Mine during August 2018, ending the royalty payments which were to have been a material revenue stream for the Company up until 30 November 2018;

- 5) As a result of the above, an Investec Group ('Investec') \$6.0 million Standby Facility (the 'Facility') and a NAB bank overdraft facility of \$0.5 million were required, putting the Company potentially into debt. In addition, Investec will be issued with a potential total of up to 10 million three-year unlisted options, depending on the actual utilisation of the Facility;
- 6) Shareholders who participated in the Company's renounceable rights issue prospectus dated 16 October 2017, that ultimately raised \$5.3 million (net of costs), have seen those funds spent without any obvious lasting benefit to the Company, and without any material outcomes achieved for the Company; and
- 7) Mr Kenneth Williams was appointed a director of the Company during November 2003 and became Chairman during November 2013. This is a term of 15 years. Mr Williams announced on 5 June 2018 his intention to retire from the Board at the 2018 AGM. We also believe it is time for a change. It is our opinion, that of the existing Board members, Dr Chris Giles is the only director still able to offer a valuable ongoing contribution to the Company in that capacity.

The requisitioning members identified in this letter are all long-term committed shareholders of Havilah. The majority of us have, in light of the concerns detailed here, engaged with the Company during the past 12 months at the Board and Management levels to try to encourage substantive changes to the Board and its strategy. However, we have been largely unable to convince the Board to commit to any significant change.

We are proposing that Mr Kenneth Williams and Mr Mark Stewart be removed as directors and two new directors, Mr Peter Johnson and Mr Richard Buckley, be appointed to work alongside Dr Chris Giles on the Board of the Company.

Peter Johnson is a Mechanical Engineer with 20 years' experience in the mining industry. He is the Managing Director of Maptek Pty Ltd ('Maptek'), one of the world's largest developers of mining technology and is responsible for the strategic investment in, commercialisation and successful delivery of a number of business critical mining technology solutions to many of the world's largest mining companies, as well as overseeing management of all aspects of Maptek's global business. During his tenure at Maptek, he has helped achieve consistent growth and success across its business.

Richard Buckley is a Mining Engineer with over 25 years' experience in mine planning and resource evaluation and has worked for Havilah since 2017. Prior to this, Richard worked for Maptek where he consulted to Havilah over many years, becoming very familiar with Havilah's projects. He has worked on numerous projects across a range of commodity and mining types around Australasia and brings a wealth of knowledge and skills relevant to the next stage of Havilah's growth as a company.

We encourage you to consider this Members' Statement carefully.

**Lodge your vote:****Online:**www.investorvote.com.au**By Mail:**

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

**Vote online**

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:**Control Number: 182391****SRN/HIN:**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Adelaide time) Saturday, 2 February 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Havilah Resources Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Havilah Resources Limited to be held at 'The Auditorium' The Science Exchange, 55 Exchange Place, Adelaide SA 5000 at 10:00am (Adelaide time) on Monday, 4 February 2019 and at any adjournment or postponement of that meeting.

The Chairman of the Meeting intends to vote undirected proxies against each Item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

VOTE AGAINST

The directors of Havilah Resources Limited recommend that shareholders **VOTE AGAINST** the resolutions set out in the Notice of Extraordinary General Meeting

SPECIAL BUSINESS

	For	Against	Abstain
Item 1 Removal of Mr Mark Robert Stewart as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Removal of Mr Kenneth Graham Williams as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /
