



14 January 2019

Dear Fellow Shareholders,

In anticipation of the Extraordinary General Meeting scheduled for **10am on 4 February 2019**, I attach my letter outlining the reasons why I believe you should vote **AGAINST** the resolution included in the Notice of Extraordinary General Meeting circulated on 24 December 2018 calling for my removal as an Independent Non-Executive Director of Havilah Resources Limited (**Havilah**).

Also attached is a letter from Dr Chris Giles, Executive Director- Technical, and founding member of Havilah. In his letter Dr Giles also recommends that you vote **AGAINST** my removal as an Independent Non-Executive Director and expresses his confidence in my abilities as the new Chairman of the Board.

I encourage you to read both letters carefully.

I cannot stress enough how important it is that you exercise your vote and that you vote **AGAINST** the resolution for my removal. In the event that you have already voted, but after considering the content of our letters, wish to change your vote, then you are entitled to do so up until **10:00am on 2 February 2019**. Please refer to your Notice of Extraordinary Meeting for detailed information on voting.

Finally, I would be pleased to answer any queries you may have and can be contacted on (08) 8155 4500.

Yours sincerely,

Mark Stewart
Chairman

Attachments: [Letter from Mr Mark Stewart](#)
[Letter from Dr Chris Giles](#)



14 January 2019

Dear Fellow Havilah Shareholders

Requisition for Extraordinary General Meeting (EGM)

At the outset I should state that the Directors unanimously oppose the two resolutions being put to shareholders at the EGM and urge you to exercise your vote and vote AGAINST both resolutions. If you have already voted you are still entitled to change your vote up until 10:00am on 2 February 2019.

On 4 December 2018, Havilah (**the Company**) received a requisition notice (**Notice**) from shareholders (**the Requisitioning Shareholders**) collectively holding 8.1% of the issued capital of the Company calling for an EGM of shareholders.

The intention of the Requisitioning Shareholders is to remove the two independent Non-executive Directors (Messrs Stewart and Williams) and to replace them with nominees of their own. This is completely contrary to the Australian Securities Exchange (ASX) Corporate Governance Guidelines, which advocate a majority of independent directors for the protection of minority shareholders.

The Requisitioning Shareholders are all entities linked, for the purposes of the Notice, to Dr Keith Robert Johnson, one of the founders of Havilah, or are related family members of Dr Johnson, or are related to Maptek Pty Ltd (**Maptek**) a company controlled by Dr Johnson's family. Up until fairly recently Maptek received significant and material revenue from the Company for the provision of a range of corporate services including serviced office rental.

The Requisitioning Shareholders' nominees are Dr Johnson's son (Mr Peter Johnson) who is CEO of Maptek (and who is misleadingly described as being independent), and Mr Richard Buckley an ex- employee of Maptek who worked for Dr Johnson for over 20 years and is a current employee of Havilah.

The Notice is deficient because it contains almost no detail regarding how the Company should be managed differently going forward and no meaningful alternative strategy to that which is currently being pursued. Importantly, the Notice is silent regarding a strategy to develop the Company's major assets such as the Kalkaroo and Mutooroo copper-gold projects and there is no discussion as to how the Company should fund its on-going activities. These are fundamental issues which have been ignored by the Requisitioning Shareholders.

The Notice also contains an, incomplete, unbalanced, simplistic and therefore misleading assessment of the last twelve months of the Company's activity which conspicuously fails to recognise significant achievements as outlined in the recent Annual General Meeting (AGM) presentations (see ASX releases dated 12 December 2018) and in subsequent announcements regarding the signing of the Kalkaroo native title mining agreement (see ASX release dated 19 December 2018) and extension of the iron ore due diligence (see ASX release dated 28 December 2018) amongst others.

In spite of the Requisitioning Shareholders' assertions otherwise, it is hard to avoid the conclusion that their unstated objective is to effect a **change of control of the Board** and so obtain control of Havilah without making a takeover offer and without paying shareholders a fair price or a premium for control.

To quote Dr Johnson from 2013 who was Chairman when Havilah was faced with a similar requisition notice: ***"in the absence of a clear statement as to the Requisitioning Shareholders intentions, we are concerned that the primary aim of the Requisitioning Shareholders is to gain control of Havilah without making a takeover offer and paying Shareholders a fair price for obtaining control"***.

In any event, the Requisitioning Shareholders' resolutions to appoint their nominees could not be included in the Notice of Meeting for the EGM because they failed to comply with the requirements of the Company's constitution and, accordingly, their candidates were ineligible.

Further, one of the directors that the Requisitioning Shareholders sought to remove, Mr Kenneth Williams, had already indicated publicly some time before the EGM Notice that he planned to retire, and he has subsequently done so. Accordingly, the resolution to remove him will be withdrawn. That leaves one resolution to be voted on at the EGM, the removal of myself, the Non-executive Independent Chairman, someone who was appointed to the role only a month ago after being elected at the recent AGM by a substantial margin. This lacks any semblance of fairness but unless the Requisitioning Shareholders withdraw the Notice, the Company is obliged to proceed with what would appear to be a meaningless EGM. Persisting with this EGM in these circumstances is disruptive, is wasting your shareholder funds and is an unwanted distraction from our focus on delivering on the Company's strategy, which is what we are doing

I can assure you that the board has made serious efforts to resolve this situation, corresponding with and meeting with the Requisitioning Shareholders and Dr Johnson on several occasions both prior to and after the date of the Notice. We have discussed potential representation solutions which have been consistently rebuffed mainly due to insistence by the Requisitioning Shareholders that independent Non-executive Directors be removed and be replaced by two of their nominees. .

In the meantime, we have been implementing the changes that were foreshadowed, with the appointment of Mr Martin Janes and the retirement of Mr Kenneth Williams. This has ensured that the Board maintains a majority of independent directors which the Board views as the best way of ensuring that the Company is managed in the best interests of all shareholders.

In addition, we have been reviewing and making some changes to the management structure of the Company to ensure that we can deliver on our objectives for 2019 and beyond. We have made it clear that we intend to appoint a fourth independent director with a strong market profile and technical and project delivery skills. We have identified suitable candidates who have indicated their willingness to join the Board once the EGM issue has been resolved.

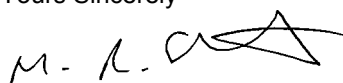
Given all the attempts made to date to find a solution to this situation and the costly and time-wasting exercise that this EGM has become, I would ask the Requisitioning Shareholders to reflect seriously on whether this EGM or further challenges following this EGM are in the best interests of the Company. Given the Board is already making changes to the board and management, there is now even less logic for the EGM.

I am strongly motivated to see Havilah transformed into a great South Australian resource success story. In the short term this includes getting Havilah into a debt free position and to minimise delays in the North Portia divestment payments. In the longer term this involves working closely with the technical team and the corporate and administrative team to see Havilah deliver the anticipated value in its various advanced projects and exploration prospects.

I wish to make a positive contribution to Havilah's future success and ask that you give me that opportunity by **voting AGAINST** the one remaining resolution as set out in the Notice of Meeting for the EGM. Given recent developments, there is little point in even proceeding with this EGM and I hope that the Notice may still be withdrawn to avoid the unnecessary expense, continuing disruption and wasted time, so that we can get on with what you expect of the Board in managing Havilah. **BUT** if it is not withdrawn it is **VERY IMPORTANT THAT YOU VOTE**.

On behalf of my fellow directors, we appreciate your on-going support through this challenging period.

Yours Sincerely



Mark Stewart
Chairman

Please ensure that you exercise your vote and vote AGAINST the resolutions in the EGM notice of meeting.

ASX Releases referred to above:

Annual General Meeting Presentations: http://www.havilah-resources.com.au/wp-content/uploads/2018/12/Technical_Review_2018_Presentation_12Dec18-1.pdf

Kalkaroo Native Title Agreement: http://www.havilah-resources.com.au/wp-content/uploads/2018/12/Kalkaroo_Native_Title_Mining_Agreement_Signed_19Dec18.pdf

Extension of Iron Ore Due Diligence: http://www.havilah-resources.com.au/wp-content/uploads/2018/12/SIMEC_Due_Diligence_Extended_on_Havilahs_Iron-Ore_Projects_28Dec18.pdf



14 January 2019

Dear Fellow Shareholders

Requisition for Extraordinary General Meeting (EGM)

- **VOTE AGAINST THE EGM RESOLUTIONS and vote against Mark Stewart's removal**
- **Mark Stewart is a well-qualified director and should be given a fair chance after his recent convincing election at the AGM**
- **The EGM at this stage serves no useful purpose**

I founded Havilah with one of the requisitioning shareholders of the EGM, namely Dr Bob Johnson, for whom I maintain the utmost respect. Accordingly, as you might expect, over recent weeks I have tried hard to reach an accommodation with the requisitioning shareholders to find an outcome that is best for all shareholders and avoids the need for an EGM, disappointingly so far without success.

As the largest shareholder in Havilah with just under a 20% holding I am acutely aware of the issues that have frustrated Havilah in delivering value to shareholders from its impressive mineral assets. Like you, I paid for all of my shares and I still own all of them. I have supported all capital raisings to the extent that I have been financially able and I take modest consulting fees when compared to my peers that cover my technical contribution and role as a director and competent person. I aim to be rewarded via my shareholding in Havilah and in that regard my interests are aligned with yours. This means that in my executive capacity my decisions are always with shareholders best interests in mind.

At this stage, with the recent resignation of Mr Ken Williams, only one resolution remains for you to consider and that is the removal of Mr Mark Stewart, our recently appointed Independent Non-executive Chairman. Mark was only recently elected at the AGM and I firmly believe he should be given a fair chance in his new role. His extensive mining experience and legal background are invaluable for Havilah at this time in its history as it looks at potential transactions on its advanced projects. Mark's Chairman's letter demonstrates the passion he has for seeing Havilah achieve success.

When faced with a delay in cash payments from the North Portia divestment transaction, the stark choices for Havilah were either a short-term loan or a capital raising at a large discount that would have been extremely dilutive to shareholders. Fortunately, having previously put in place a stand-by loan facility via Investec Bank as an extension of the original Portia loan facility, Havilah was able to take advantage of this prudent contingency measure at short notice. This was the best short-term commercial outcome given the extreme difficulty of raising capital in the junior resource sector over the last six months, but is clearly not a longer term solution.

There has been criticism of the North Portia divestment transaction because full cash payment was not made upfront. The fact is Havilah would never have been able to negotiate the terms it did had the entire payment been required upfront. Havilah was able to maximise the total value of the transaction by being prepared to accept staged payments. It is not uncommon for such deals to be staged, because it allows the purchaser the opportunity to raise funds and pay a higher price. It should not be forgotten that Consolidated Mining and Civil (CMC) has already taken over Havilah's 50% of the rehabilitation obligations of \$1.225 million and has made the first cash payment of \$1 million on time. Havilah remains confident, based on CMC's track record and the public statements of its principal, Mr Steve Radford, that North Portia will proceed and payments will be received in due course. Ensuring advancement of the North Portia project and receiving the cash payments that are due is a top priority for the Board and management.

The often slow progress on Havilah's projects is frustrating, but is not for want of trying. For example, the Kalkaroo Native Title Mining Agreement upon which grant of the Kalkaroo mining lease is dependent, was signed in December 2018 after five years of patient negotiations. Likewise, the recent Grants Basin iron ore discovery was preceded by five years of persistent tenement acquisition at a time when iron ore was out favour. It is a fact of life that mining development is a long-term business that requires extreme patience and persistence by both management and shareholders alike.

Against this background, I am very pleased that Mr Richard Buckley, Havilah's senior mining engineer, has willingly agreed to step up to take greater responsibility and accountability for the technical delivery of Havilah's advanced projects. Richard has a deep and intimate knowledge of our projects due to his involvement from their inception and there is no-one better than Richard to carry them forward technically in my opinion.

It is only by delivering on these objectives and this being recognized by the market that we will be able to influence the share price to better reflect Havilah's true worth. Richard has my full support and I will be working closely with him to see Havilah's 2019 strategic technical objectives realized.

I strongly recommend that the current renewed Havilah board and management team be given the chance to get on with the tasks in hand. Mr Mark Stewart is a vital part of that team and I urge you **to vote against** his removal (**vote AGAINST on the proxy form**) so that he can help us to execute the important tasks ahead.

In closing I respectfully ask that you consider the following points in making your voting decision:

1. A number of changes are being made to the Board and management that I believe will address the concerns that shareholders have raised.
 2. I have confidence in Mr Mark Stewart our new Chairman to guide Havilah through this period and I will be voting AGAINST the resolution to remove him at the EGM having just voted for his election at the AGM.
 3. I similarly urge you to vote AGAINST the resolution to remove Mark to maintain the present momentum as I believe he is exactly the right kind of Chairman Havilah needs at this time when Havilah is likely to be involved in transactions on its projects.
 4. It is not in your best interests for Mark to be removed and then for us to face the uncertainty of finding a new Chairman (who will not be elected at the EGM) and who has no experience with Havilah. This will be a disruption and waste of management time when we could be better occupied advancing Havilah's projects.
- **There is no compelling reason to remove Mark Stewart as an Independent Non-executive Director at this time.**
 - **This will simply cause further instability and wasted management time**
 - **Just let us get on with the job on your behalf to add value to your investment.**
 - **It is very important that you exercise your vote and vote AGAINST the resolutions in the EGM notice of meeting.**

Thank you for your ongoing support of our Company.

My best wishes for good health and prosperity in 2019.

Yours sincerely



Dr Chris Giles
Technical Director