



24 January 2019

Ms Clare Porta  
Adviser, Listings Compliance  
ASX  
20 Bridge Street, Sydney NSW 2000

By email

Dear Ms Porta

**Havilah Resources Limited ('HAV'): Query re. laboratory assay results for Grants Basin Iron ore discovery**

Please see below our responses to the questions outlined in your letter to us dated 23 January 2019:

**1. ASX: Does HAV consider the Assay Results to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

HAV: No. Havilah marked the announcement as not price sensitive. We note that ASX marked the announcement as price sensitive without reference to Havilah.

**2. ASX: If the answer to question 1 is 'no', please advise the basis for that view.**

The reasons for Havilah's view are outlined below.

- A. The increase in laboratory assays vs the original hand-held Niton XRF field analyses was reported in the 21 January 2019 announcement as follows :

*"The reported laboratory assay intervals above indicate average grades in the order of 24-27% Fe. Laboratory assay results are on average 18% higher than the previously reported handheld Niton XRF analyses, which is at the upper end of the expected increase of 10-20%" (refer to guidance provided in ASX announcement 4 December 2018).*

This had been foreshadowed in the previous announcement of 4 December 2018 as follows:

*"The handheld Niton XRF readings were collected by taking measurements through the heavy-duty plastic bags that hold the bulk samples for each metre. Comparisons between previous Maldorky Resource handheld XRF results and laboratory assay results and between current XRF results and laboratory certified standards directly and through the plastic has shown that the 200 µm thick plastic used in the bulk bags results in a 10% - 20% underestimation of iron results. No correction factors have been applied to the Niton XRF results reported here, although the above evidence*

*indicates they are likely to be upgraded by the conventional laboratory XRF assays, which will be reported in due course.”*

Commenting on this in the 21 January 2019 announcement the Technical Director said :

*“The recently received laboratory assays, **as expected**, are higher than the Niton hand-held XRF analyses that were previously reported”.*

In summary, the 18% uplift in reported laboratory assays was entirely consistent with the earlier announcement. **Thus this was not new or unexpected information and had clearly been foreshadowed by Havilah.**

- B. No new drillhole information was provided in the announcement, other than more accurate drillhole collar data due to subsequent DGPS pick ups and a minor correction to a previous drillhole table. They were the same drillholes as described in the 4 December 2018 announcement and **the most important conclusions drawn in that announcement** regarding the areal extent and depth of mineralisation and the fact that a new iron ore discovery had been made, **were unchanged**.

In the 21 January 2019 announcement the Technical Director said:

*“This, combined with the exceptionally thick iron ore intersections, confirms a major iron ore discovery in the Grants Basin”.*

This statement simply echoed the opening sentence of the 4 December 2018 announcement, as follows:

*“**Havilah Resources Limited (Havilah)** is pleased to report that it has discovered a major new iron ore deposit in the Grants Iron Ore Basin.”*

- C. The laboratory assays are being presented for very widely spaced regional reconnaissance drillholes that are not defining a resource. Hence no value or economic significance can be assigned to these holes in accordance with the JORC code no matter whether the results quoted are laboratory assays or hand held Niton XRF analyses. Had the announcement been referring to a JORC resource, then any change in grade would have been material, but in this case it was referring only to the reconnaissance drillholes and the economic significance at this stage is unknown.

As a further observation, Havilah’s share price has moved within its January market range of 16-17 cents following the announcement, indicating that the market did not consider the announcement to be price sensitive.

### **3. ASX: If the answer to question 1 is ‘yes’, when did HAV first become aware of each batch of Assay Results?**

HAV: Not Applicable.

### **4. ASX: If the answer to question 1 is ‘yes’, please explain why the Assay Results (or parts thereof) were not released to the market prior to the Lab Assays Announcement**

**on 21 January 2019, commenting specifically on when you believe HAV was obliged to release the Assay Results (or parts thereof) under Listing Rules 3.1 and 3.1A and what steps HAV took to ensure that the Assay Results (or parts thereof) were released promptly and without delay.**

HAV: Not Applicable.

**5. ASX: Please confirm the timing of each of the studies referred to in the Extension Announcement (including when each study commenced, when each study concluded or is expected to conclude, and when the results (or parts thereof) of each study are expected to be released).**

HAV: The studies are all elements of one over-arching due diligence study presently being conducted by SIMEC Mining that is aimed at determining the commercialisation potential of the Maldorky and Grants iron ore deposits as originally advised to ASX on 20 June 2018. The due diligence studies commenced shortly after 20 June 2018, and it is expected technical results will be reported in full to Havilah at the conclusion of the due diligence period. As reported to ASX on 28 December 2018, SIMEC Mining extended this due diligence exclusivity period until the end of January 2019 because it had not yet completed its studies. SIMEC Mining has the option to further extend the due diligence exclusivity period until the end of March 2019 if it has not finished its studies by the end of January 2019. Presently, Havilah has insufficiently definite technical information arising from this study, other than the results of the drilling, which have been comprehensively reported in accordance with JORC Code guidelines.

In summary, Havilah does not have the results of the SIMEC Mining studies because they are not yet complete and so is not in a position to report on them. When SIMEC Mining completes its due diligence study and provides the results to Havilah, then they will be released to the market. At this stage, this may not happen until after the end of the exclusivity period, which may be extended.

**6. ASX: Please confirm that HAV is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

HAV: Havilah believes it has taken all due care reasonably expected in order to comply with Listing Rule 3.1. Havilah takes this obligation very seriously and to its knowledge has not breached this listing rule in its 16 year history as an ASX listed company. Havilah notes that for announcements of a technical nature, it is standard practice to carry out careful review and QC by a Competent Person, in order to ensure full compliance with the JORC Code, and this can add some time between receipt of results and release to the market, which is unavoidable. Havilah always uses its best endeavours to ensure this time is minimised and that appropriate confidentiality and security is maintained in order to avoid any leaks of market sensitive information.

**7. ASX: Please confirm that HAV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HAV with delegated authority from the board to respond to ASX on disclosure matters.**

HAV: The responses have been personally prepared by Dr Chris Giles, Havilah's Technical Director, a Competent Person under the JORC code with in excess of 40 years' experience in this field, and have been endorsed by Havilah's Chairman, Mr Mark Stewart.

Yours Sincerely,

**Dr Chris Giles**  
Executive Director- Technical



23 January 2019

Mr Walter Richards  
CEO & Company Secretary  
Havilah Resources Limited  
164 Fullarton Road  
Dulwich SA 5065

By email

Dear Mr Richards

**Havilah Resources Limited ('HAV'): Query re laboratory assay results for Grants Basin iron ore discovery**

ASX refers to the following:

- A. HAV's announcement titled 'Lab Assays Upgrade Grants Basin Iron Ore' released on the ASX Market Announcements Platform ('MAP') on 21 January 2019 (the 'Lab Assays Announcement') which discloses the laboratory assay results for the reverse circulation drill samples from the iron ore discovery at the Grants Basin (the 'Assay Results') and includes the following statements:
- *'Havilah Resources Limited (Havilah) is pleased to report that final laboratory assays have now been received for reverse circulation (RC) drill samples from the recent Grants Iron Ore Basin drilling (refer ASX announcement 4 December 2018). There is an improvement in the laboratory iron assays compared to the preliminary handheld Niton XRF iron analyses as reported in the above ASX release by an average of approximately 18%.'*
  - *'The reported laboratory assay intervals above indicate average grades in the order of 24-27% Fe. Laboratory assay results are on average 18% higher than the previously reported handheld Niton XRF analyses, which is at the upper end of the expected increase of 10-20% (refer to guidance provided in ASX announcement 4 December 2018).'*
- B. HAV's correspondence with ASX on 17 January 2019 which disclosed the following information:
- All assay results had been received from the lab.
  - The assay results were received in several batches over time.
  - The assay results for the final 2 holes were received and QC/QA checks completed on 7 January 2019.
- C. The Change of Director's Interest Notice released on MAP on 17 January 2019 in respect of the on-market acquisitions by Mr Martin Janes on 10 January 2019, 14 January 2019, 15 January 2019 and 16 January 2019 for a total of 200,000 HAV shares.
- D. HAV's announcement titled 'SIMEC Due Diligence Extended on Havilah's Iron Ore Projects' released on MAP on 28 December 2018 (the 'Extension Announcement') regarding the extension of SIMEC Mining's exclusive due diligence on HAV's iron ore projects which includes the following disclosure (emphasis added):
- 'The due diligence work program....has thus far included **comprehensive metallurgical studies** and **logistical and infrastructure studies by external consultants** and percussion drilling leading to the newly discovered Grants Iron Ore Basin deposit. The study has recently been expanded to include three diamond drillholes, expected to be completed in January 2019, to obtain further metallurgical core samples from both the Maldorky deposit and the Grants Iron Ore Basin discovery. This is in addition to drillcore from three of Havilah's 2011 diamond drillholes that has already been provided to SIMEC Mining for its metallurgical studies.'*

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- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of 'aware' in Chapter 19 of the Listing Rules, which states that:

*'an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity' and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information.'*

- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*'3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.'*

### **Request for Information**

Having regard to the above, ASX asks HAV to respond separately to each of the following questions and requests for information:

1. Does HAV consider the Assay Results to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is 'no', please advise the basis for that view.
3. If the answer to question 1 is 'yes', when did HAV first become aware of each batch of Assay Results?
4. If the answer to question 1 is 'yes', please explain why the Assay Results (or parts thereof) were not released to the market prior to the Lab Assays Announcement on 21 January 2019, commenting specifically on when you believe HAV was obliged to release the Assay Results (or parts thereof) under Listing Rules 3.1 and 3.1A and what steps HAV took to ensure that the Assay Results (or parts thereof) were released promptly and without delay.
5. Please confirm the timing of each of the studies referred to in the Extension Announcement (including when each study commenced, when each study concluded or is expected to conclude, and when the results (or parts thereof) of each study are expected to be released).

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6. Please confirm that HAV is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  7. Please confirm that HAV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HAV with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 am AEDT on Friday, 25 January 2019**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rules 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to HAV's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that HAV's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Clare Porta**  
Adviser, Listings Compliance (Sydney)