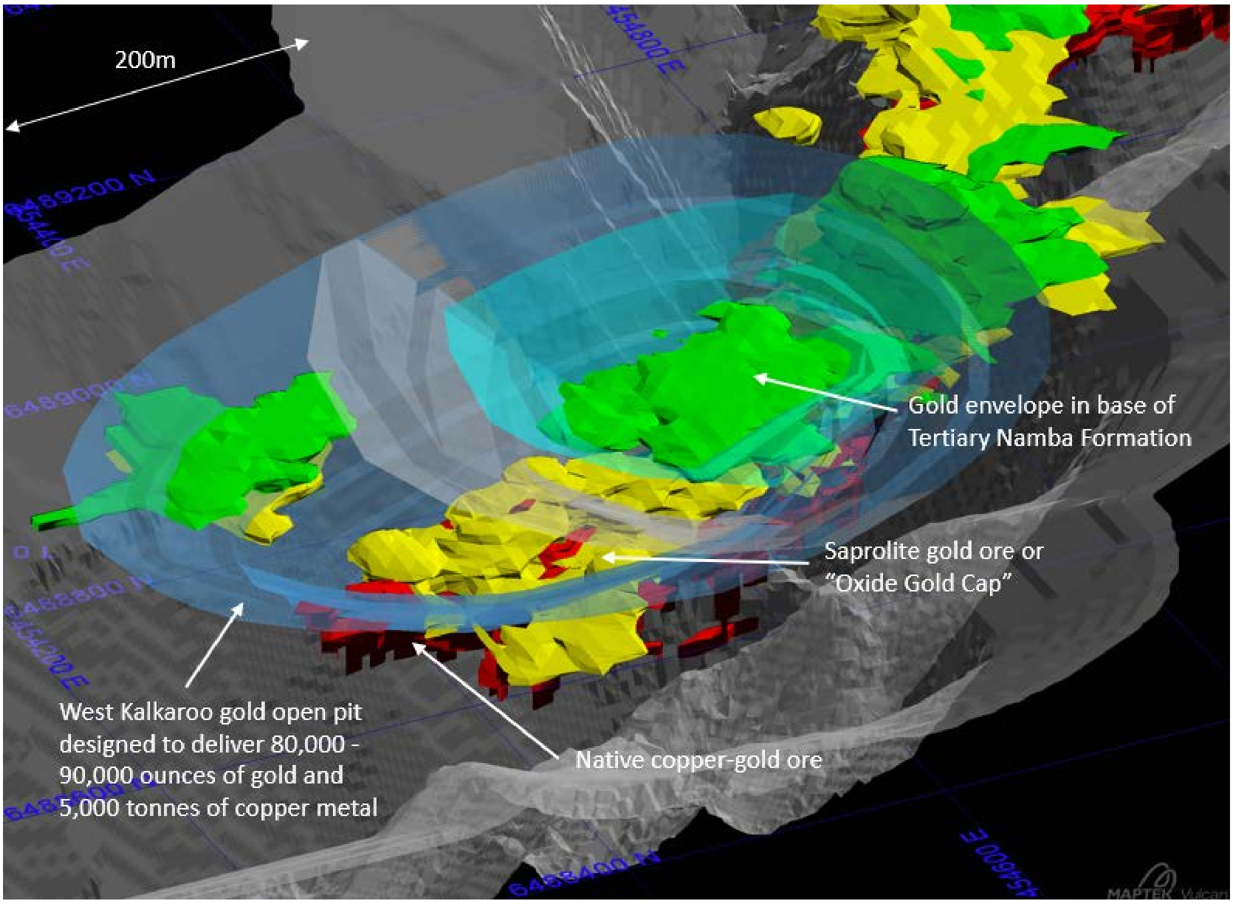
HAVILAH RESOURCES LIMITED

ABN 39 077 435 520



ANNUAL REPORT 2021

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Forward-looking Statements
This Annual Report prepared by Havilah Resources Limited includes forward-looking statements. Forward-looking statements may be identified by the use of '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 of production.

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 Group 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 COVID-19 pandemic, and the impact it may have on the demand and price for commodities (including copper and gold), on our suppliers and workforce, and on global financial markets, the Group 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.

Cover: Stages 1, 2 and 3 of the conceptual West Kalkaroo gold open pit. The optimised Stage 3 open pit design is estimated to contain 80,000-90,000 ounces of gold and 5,000 tonnes of native copper. Mining is planned to commence during 2022, subject to a final investment decision by the Havilah Board of Directors, which is contingent on securing financing and receipt of final South Australian government approvals and other factors.

ABOUT HAVILAH

Key Strengths

- Advanced stage multi-commodity mineral portfolio located in northeastern South Australia, near Broken Hill.
- Successful exploration discovery track record combined with a large contiguous ground position in the highly prospective but under-explored Curnamona Craton that is also host to the giant Broken Hill orebody.

Key Assets and Attributes

Copper–gold–cobalt

- **Kalkaroo:** Positive independent pre-feasibility study ('PFS') 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%.
- A large mineralised system, with mineralisation occurring in a variety of structural settings and rock types.
- **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 Barrier Highway and Transcontinental railway line to Port Augusta. 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 could potentially be suitable for pelletising.
- **Grants Basin:** An Exploration Target***** of 3.5-3.8 billion tonnes with a grade range of 24-28% Fe (applying an 18% iron assay cut-off grade) covering only 25% of the known iron ore basin area. Lies adjacent to the Barrier Highway and Transcontinental railway line.

  * 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.

Conflict-free, strategic and/or critical minerals

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

Exploration upside

- ~16,000 km^2 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 havilah-resources-projects.com/exploration for further information.

Favourable logistics and infrastructure, low sovereign risk, Tier 1 mining jurisdiction[1]

- Located in northeastern South Australia in proximity to the Transcontinental railway line, Barrier Highway and regional mining centre of Broken Hill with its skilled workforce. South Australia has a stable regulatory environment, is a low sovereign risk jurisdiction, with a mining friendly government that actively encourages mineral exploration and development. South Australia's regulatory regime mandates the highest ESG (environmental, social and governance) standards.

Experienced technical team

- Havilah's current technical team has an exceptional track record of exploration success (including the delineation 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 cost-effective and successful exploration.

Key Strategic Objectives

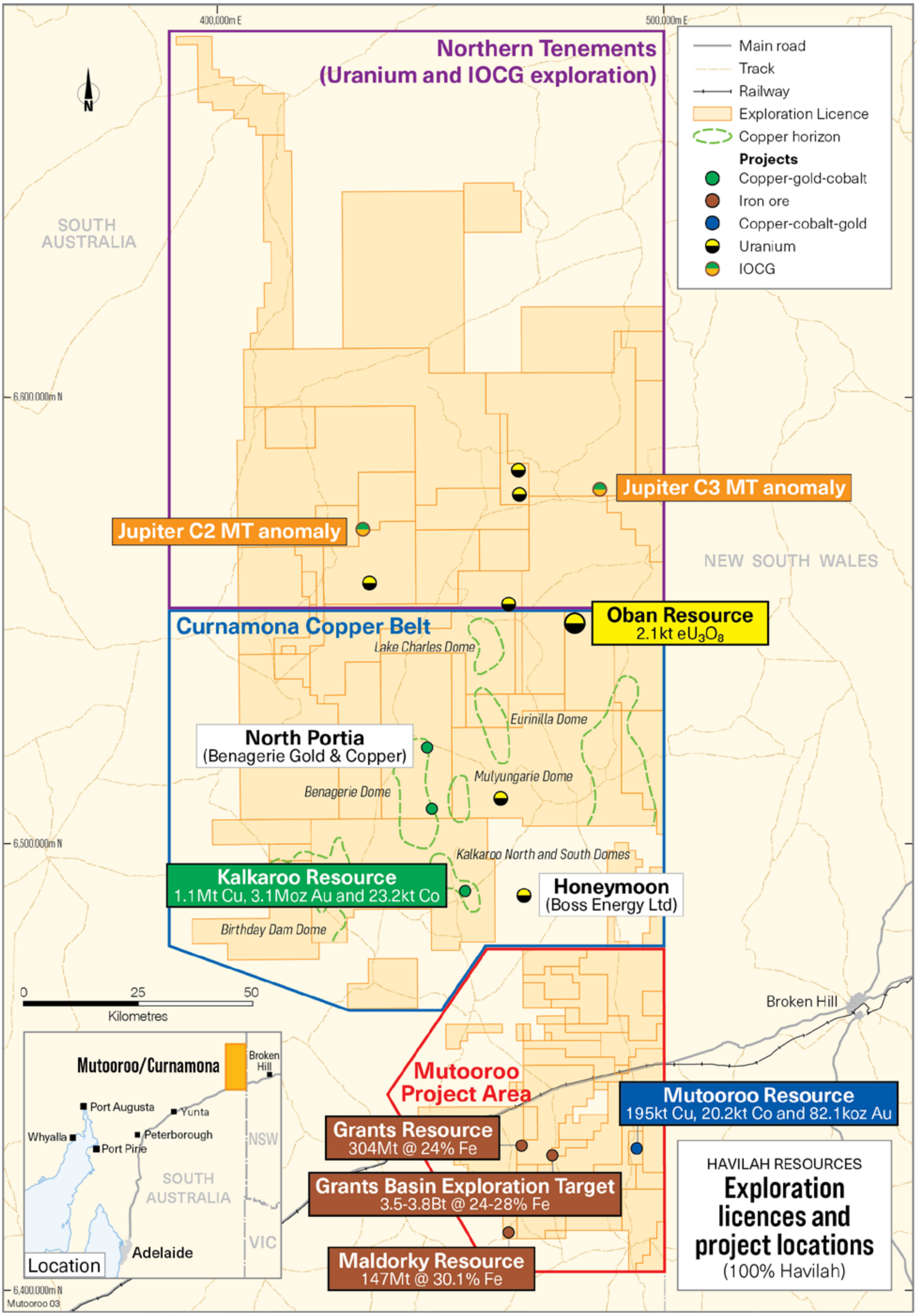
Havilah's underlying objective that guides all of its activities is to maximise returns to shareholders via strategic management of its multi-commodity mineral portfolio in South Australia, which is being achieved by:

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

Key Risks

Section 10 of the Share Purchase Plan dated 20 November 2020 sets out key risks identified by the Board of Directors as being specific to the Group 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 Group.

[1] South Australia was ranked 7th best jurisdiction for global investment attractiveness by the independent Fraser Institute Annual Survey of Mining Companies 2020.



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

LETTER FROM THE BOARD OF DIRECTORS

Havilah's focus over the last 12 months has been on progressing key tasks required to enable development of the West Kalkaroo gold open pit. This has included completion of documentation that is required to obtain South Australian government mining approvals, refining the mine and process plant designs and completion of a financial model to help facilitate project financing. The current West Kalkaroo oxidised ore open pit is designed to lead into the long-term, large-scale copper sulphide mining operation at the earliest opportunity, subject to prevailing metal prices and availability of financing.

Havilah's copper focus has been supported by the rise in the copper price over the last eighteen months, which has pushed the Kalkaroo project's pre-tax $NPV_{7.5\%}$ well over $1.1 billion when long-term consensus US$ copper and gold prices are applied in the original PFS financial model. Kalkaroo is a robust project, with a value multiple many times higher than Havilah's current market capitalisation. It is also one of the few large-scale open pit copper-gold development opportunities presently available in Australia. The copper and gold combination in the Kalkaroo project is advantageous, as these metals are normally natural hedges against each other – copper being driven to a large extent by stable industrial production and economic development; and gold by uncertainty and instability.

The trend towards renewable energy is beginning to accelerate as governments around the world move to introduce regulations and mandates that target net-zero greenhouse gas emissions. As a consequence it is likely that there will be a sustained upswing in the demand for a suite of green technology metals (including copper, cobalt and REE), which are essential enablers of the clean energy transition. Copper is an obvious winner because almost every piece of renewable energy equipment offers new uses for copper such as the extensive cabling associated with solar panels, wind turbines and electric vehicles ('EV').

This comes at a time when copper supply in the medium to longer-term is forecast to be limited by declining average ore grades, resource depletion, water constraints, insufficient investment in new mines, and a lack of major new copper discoveries. New large-scale projects with the potential to help fill the forecast copper supply gap are scarce, with some large overseas copper projects facing significant economic, political or environmental challenges. Similar comments apply to cobalt and REE, although their uses are more limited than copper. Havilah is ideally leveraged to benefit from a favourable commodities cycle with its two advanced copper-cobalt-gold mineral projects (Kalkaroo and Mutooroo), along with its large and highly prospective 100% owned exploration acreage. Havilah's projects have the potential to supply metals the modern world needs longer-term, including copper, cobalt, REE and molybdenum.

With new environmentally conscious consumers of metals there is increasing scrutiny of how the metals are produced as measured by environmental, social and governance ('ESG') criteria. Havilah is exceptionally well placed because of its ability to integrate plentiful renewable wind and solar energy sources into its development planning. Havilah's focus is on sustainable long-term environmental outcomes that minimise disturbance to the natural environment, as far as practicable. Its conservation initiatives on the 550 km^2 Kalkaroo Station that it owns demonstrate strong commitment to this principle.

Despite hosting the giant lead-zinc-silver ore deposit at Broken Hill, much of the Curnamona Craton is under-explored due to extensive sedimentary cover. The geological similarity of the Curnamona Craton to the eastern Gawler Craton and the Mount Isa-Cloncurry Block indicates similar prospectivity for major ore deposits. Accordingly, a key Board objective is to maintain an active program of exploration work on projects and prospects that have the most potential for new discoveries. The string of excellent drilling results from Kalkaroo and more recently from the Cockburn prospect near Mutooroo vindicates this strategy.

The Board remains committed to maximising returns to shareholders through judicious management of the Group's multi-commodity mineral portfolio in South Australia. The Board's strategy is to maximise the fair value of the Group's mineral portfolio either by production, sale or farm-out with suitable well-funded partners. The Board will not entertain any proposal that, in its view, does not assist Havilah to reach this goal.

We thank all shareholders, contractors and employees for their support and patience as we continue to strive to realise the latent value in Havilah's multi-commodity mineral portfolio for the benefit of all stakeholders.

Simon Gray, Victor Previn and Chris Giles

DIRECTORS' REPORT

The Directors present their report on Havilah Resources Limited and its subsidiaries (the 'Group') for the financial year ended 31 July 2021 (the 'financial year'). All monetary amounts are presented in Australian dollars, unless otherwise indicated.

Havilah Resources Limited ('Havilah' or 'Company') is an Australian public company limited by shares and is listed on the Australian Securities Exchange ('ASX').

Directors
The Directors of the Company at the date of this Directors' Report are:

Mr Simon Gray (Executive Director – Chairman)
Mr Victor Previn (Independent Non-Executive Director)
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 Simon Gray *B.Ec (Com) CA*
Appointed 9 October 2019
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 5 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 is a Director of several unlisted companies. Simon is a resident of Adelaide.

Special Responsibilities
Member of the Audit and Risk, Nomination, and Remuneration Committees.

Directorships of Other ASX Listed Entities during the Last 3 Years
None.

Havilah Shares and Share Options
158,823 fully paid ordinary shares (including his personally related parties).
40,000 unlisted employee share options each with an exercise price of $0.22 expiring on 11 July 2023.

Mr Victor Previn *B.Eng*
Appointed 9 October 2019
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 ASX as EYE. His career spans more than 30 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 3 decades 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 and resides in Adelaide.

Special Responsibilities
Chairman of the Audit and Risk, Nomination, and Remuneration Committees.

Directorships of Other ASX Listed Entities during the Last 3 Years
Nova Eye Medical Limited.

Havilah Ordinary Shares and Share Options
2,451,622 fully paid ordinary shares (including his personally related parties).

DIRECTORS' REPORT

Directors *(continued)*

Dr Christopher Giles *B.Sc (Hons), PhD, MAIG*
Appointed 11 February 1997
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 8 new mineral resources within this tenement area, resulting in Havilah's present JORC Mineral Resource inventory. 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 and Risk, Nomination, and Remuneration Committees.

Directorships of Other ASX Listed Entities during the Last 3 Years
None.

Havilah Shares and Share Options
42,033,909 fully paid ordinary shares (including his personally related parties).
2,400,000 unlisted share options each with an exercise price of $0.36 expiring on 12 December 2021.

Company Secretary
Mr Simon Gray. Appointed 25 January 2019.

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 relevant 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
Director								
Mr Simon Gray	9	9	3	3	1	1	1	1
Mr Victor Previn	9	9	3	3	1	1	1	1
Dr Christopher Giles	9	9	3	3	1	1	1	1

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.

Significant Changes in the State of Affairs
Contributed equity increased by $5,923,280 during the financial year as the result of the issue of ordinary shares via share placements and a successful share purchase plan. Details of the changes in contributed equity are disclosed in Note 18(b) to the consolidated financial statements.

Other than the matter noted above, no other significant changes in the state of affairs of the Group occurred during the financial year.

Principal Activities
The principal activities of the Group during the financial year were exploration for and evaluation of mineral resources (predominantly copper, gold, cobalt and iron ore) in South Australia and advancing the West Kalkaroo gold open pit towards development. 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.

DIRECTORS' REPORT

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.

Shares and Share Options

At the date of this Directors' Report there are 306,277,228 ordinary shares and 20,256,874 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
1 November 2018 (Investec [1])	5,000,000	$0.234	1 November 2021
12 December 2018 (Director [2])	2,400,000	$0.36	12 December 2021
20 December 2018 (Investec [1])	2,500,000	$0.22	20 December 2021
11 July 2019 (Employee [3])	2,950,646	$0.22	11 July 2023
11 July 2019 (Employee [3])	3,006,228	$0.28	11 July 2023
3 May 2021 (Employee [3])	4,400,000	$0.25	30 April 2024
Total	20,256,874		

[1] Unlisted share options issued to Investec under a prior financial period funding agreement.
[2] Unlisted share options issued to a Director (Dr Christopher Giles).
[3] Unlisted share options issued to employees under the Company's 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 Performance Rights and Share Option Plan and share options granted during the current and prior financial years are disclosed in Note 25 to the consolidated financial statements.

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.

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.

Matters Arising Subsequent to the End of the Financial Year

Other than the matters disclosed in Note 28 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.

DIRECTORS' REPORT

Environmental Regulations
The Group carries out exploration and evaluation activities on its mineral exploration tenements and relevant Kalkaroo mining leases 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.

Environmental Sustainability
Havilah subscribes to the principle of sustainability across all of its operations. This includes minimising disturbance to the natural environment to the maximum extent practicable and where possible, helping to improve environmental outcomes through judicious conservation initiatives. Havilah practices this principle on Kalkaroo Station, which it owns.

Kalkaroo Station is uniquely located in one of the most favourable places in Australia for combined wind and solar power generation. It is Havilah's ultimate goal to utilise these natural geographic advantages to maximise the generation and use of renewable energy. Havilah recently commissioned its own pilot solar-wind-battery power generation system at the Kalkaroo exploration basecamp. Transitioning to renewable power sources at the Kalkaroo basecamp demonstrates the Group's ongoing commitment to responsible resource development across its operations and activities. Ultimately, it is Havilah's ambition to design a renewable energy generation system to power the Kalkaroo mine.

Copper is critical in almost every aspect of achieving renewable energy goals for the global economy. By becoming a significant copper producer, Havilah expects to make a contribution to enabling this energy transition.

Havilah's ESG (environmental, social and governance) credentials can be found on the Company's website.

COVID-19 Pandemic
During March 2020, the World Health Organisation declared the outbreak of COVID-19 as a pandemic. Given the ongoing uncertainty relating to the duration and extent of the COVID-19 pandemic, and the impact it may have on the demand and price for commodities (including copper and gold), on our suppliers and workforce, and on global financial markets, the Group continues to face uncertainties that may impact on 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 pandemic on the health and wellbeing of its personnel, contractors and stakeholders. It has in place protocols and response plans to minimise the potential transmission of COVID-19. However, there are no guarantees that in the future further travel restrictions and border closings, stay-at-home and quarantine notices, or lockdowns will not be imposed by government, as events continue to unfold relating to the COVID-19 pandemic, its variants and available vaccines.

Since the Group's tenements are in northeastern South Australia, it was able to continue drilling during the financial year unimpeded by COVID-19 restrictions. The field team operates out of Havilah's exploration basecamp on Kalkaroo Station or hired premises at Cockburn, which are both remote and relatively isolated locations, with minimal external contact.

Proceeds from capital raisings during November and December 2020 allowed restoration of budgets and work programs for other key projects during 2021, to replace funds that had been diverted to West Kalkaroo during 2020 due to COVID-19 related issues that limited access to Havilah's other project areas.

The COVID-19 pandemic continues to highlight to the Board the importance of regional supply chain security for strategic and critical minerals (including copper, cobalt, REE, tin and tungsten) that are necessary for national economic and security interests.

It is noted that key native title heritage surveys have in some cases been delayed by COVID-19 related restrictions, which had prevented clearance of proposed exploration drilling sites and also delayed surveying of the proposed West Kalkaroo mining site and infrastructure.

DIRECTORS' REPORT

Review of Operations

Kalkaroo Copper-Gold-Cobalt Project (HAV 100% ownership)
Kalkaroo is Havilah's flagship mineral project, located approximately 400 kilometres ('km') northeast of Adelaide and 90 km northwest of the regional mining centre of Broken Hill with its skilled mining workforce (see map on page 3). It lies approximately 55 km north of the Transcontinental railway line and Barrier Highway. The project comprises a 100.1 million tonne ('Mt') JORC Ore Reserve (Proved 90.2 Mt; Probable 9.9 Mt) at a copper equivalent grade of 0.89% that is capable of supporting a large-scale open pit mining operation over at least 13 years. The Group has already secured the required mining permits for the Kalkaroo project (Mining Leases and Miscellaneous Purposes Licences). It also owns the surrounding 550 km^2 Kalkaroo Station pastoral lease, a non-mineral asset on which the Kalkaroo project is located, thus reducing land access risks for the project.

The Board has a staged strategic plan to develop the Kalkaroo deposit, commencing with a lower capital expenditure operation that initially focuses on mining the comparatively shallow and soft oxidised gold and native copper ore at West Kalkaroo (Figure 1). The proposed West Kalkaroo gold open pit is located at the very western (and upper) part of the Kalkaroo deposit, where it is planned to produce 80,000-90,000 ounces of gold and 5,000 tonnes of native copper (near pure copper metal) over an initial 3-4 year period. This open pit design has the flexibility for extension to the east for several more years in oxidised ore and ultimately to transition to the much larger and longer-term Kalkaroo copper sulphide project.

The priority objective during the financial year was to progress the West Kalkaroo gold open pit permitting work, feasibility study and financing options with the aim of advancing towards development during 2022. Sterilisation holes were also completed in the vicinity of the planned locations of key infrastructure to ensure that they will not be built too close to potentially economic mineralisation. Development go ahead is subject to a final investment decision by the Havilah Board, which is contingent on several factors, including securing financing and receipt of final South Australian government approvals.

Melbourne based process engineering firm, Mincore Pty Ltd, was contracted to assist with design of the process flowsheet, and equipment selection for a modular fit-for-purpose processing plant for the soft, oxidised, West Kalkaroo gold ore. Capital and operating cost inputs from this study applied in a financial model indicate good investment returns that would be attractive to financiers. A reduced South Australian government royalty rate of 2% for the first 5 years of production will assist the West Kalkaroo project economics.

During March 2021 the Kalkaroo Program for Environment Protection and Rehabilitation ('PEPR') document was submitted to the Department for Energy and Mining ('DEM') for assessment and approval of the proposed West Kalkaroo gold open pit. This document details the social and environmental impacts of the proposed mining operation, risk mitigation strategies and mine closure plans (refer to ASX announcement of 15 March 2021). It was the culmination of many months of dedicated effort by Havilah's staff and consultants during the financial year. The PEPR is the final permitting approval required for go-ahead of the West Kalkaroo open pit gold mine. The DEM has subsequently provided detailed feedback, which mostly relates to either clarification of existing information or providing more detail surrounding aspects of the proposed mining operation. No critical issues have to date been identified that would potentially prevent the West Kalkaroo project from proceeding. At the present time, Havilah employees and consultants are preparing detailed responses and additional information to satisfy the DEM's requirements for approval.

Infill resource drilling along strike of the proposed West Kalkaroo gold open pit, to improve confidence in continuity of mineralisation, continued during the financial year. Widespread copper and gold mineralisation was intersected in most reverse circulation drillholes, with grades and widths of sulphide mineralisation typical of the Kalkaroo deposit (refer to ASX announcement of 22 June 2021). This included long intervals of vein and breccia style copper-gold mineralisation over at least 100 metres horizontal true width near the intersection of two major faults, partially outside of the existing Kalkaroo resource (refer to ASX announcement of 16 September 2020, 14 October 2020 and 1 February 2021). There is substantial scope to materially increase resource tonnage in this part of the deposit.

Although not specifically targeted, many of these drillholes also intersected appreciable gold mineralisation in the shallower oxidised (saprolite gold) zone. These gold intersections will be followed up in due course with more closely spaced, shallow aircore drilling prior to any future eastward extensions of the planned West Kalkaroo gold open pit. In addition, close spaced aircore drilling continued to extend the base of Tertiary horizontal gold mineralisation layer at West Kalkaroo (refer to ASX announcement of 10 August 2020). This mineralisation is not included in the current Kalkaroo JORC gold resource and is potentially a source of early-stage shallower gold that would be mined during removal of the overburden in the West Kalkaroo gold open pit.

DIRECTORS' REPORT

Review of Operations *(continued)*

Kalkaroo Copper-Gold-Cobalt Project (HAV 100% ownership) *(continued)*
Four reverse circulation drillholes completed at East Kalkaroo also returned ore-grade drilling intercepts in highly brecciated (fractured and broken) and veined host rocks within or adjacent to the Kalkaroo fault zone, in areas marginal to the current Kalkaroo JORC Mineral Resource (refer to ASX announcement of 13 July 2021).

This mineralisation is known to continue to at least 500 metres depth based on an earlier MIM Exploration Ltd 2001 diamond drillhole (KMD001) in the near vicinity at East Kalkaroo, which intersected the widest and deepest zone of primary copper-gold mineralisation ever drilled on the Kalkaroo deposit, with an intersection of 317.4 metres of 0.26% copper and 0.1 g/t gold from 316-633.4 metres (end of hole). These results highlight the possibility of breccia-vein style copper-gold mineralisation below the current Kalkaroo JORC Mineral Resource that may have bulk tonnage underground mining potential. Testing of this deep breccia-vein zone is beyond the current depth capacity of the reverse circulation drilling rig operated by Havilah, and will be followed up in due course by contract diamond drilling, subject to Havilah's other work priorities.

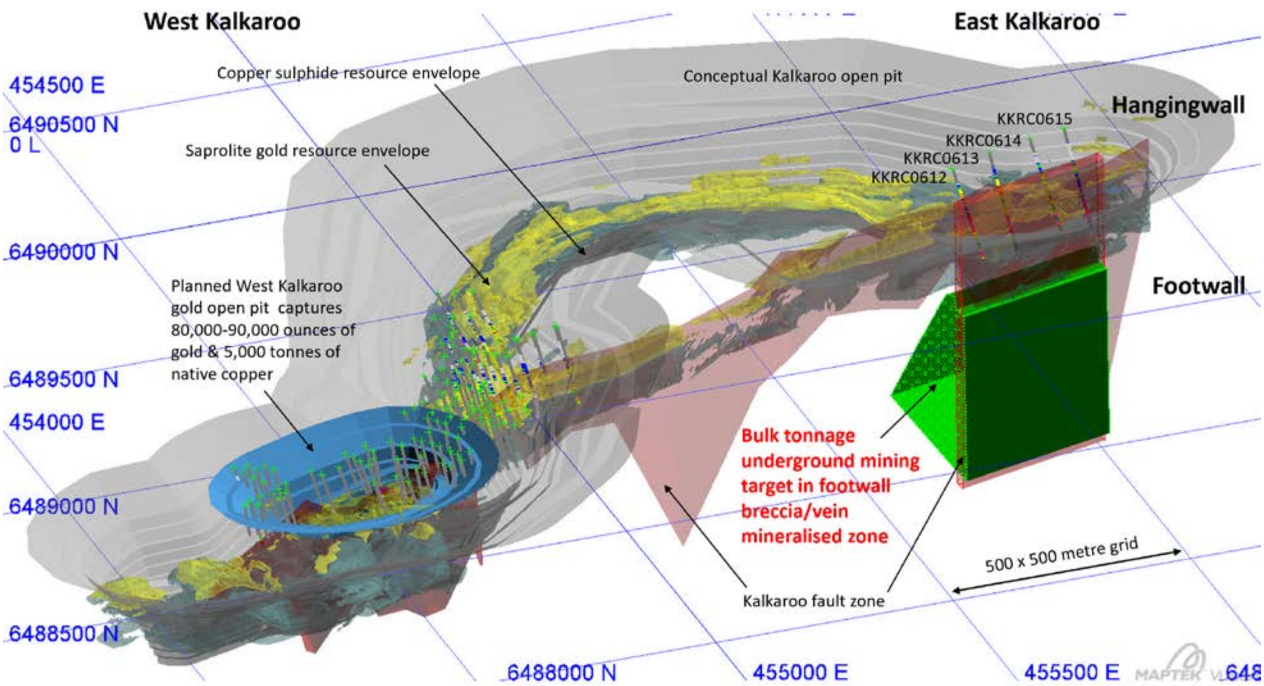


***Figure 1** Location of 2020 and 2021 resource confirmation drillholes. Also shown is the planned West Kalkaroo gold open pit outline (blue), which is currently being advanced towards development. Conceptual Kalkaroo open pit is also shown.*

DIRECTORS' REPORT

Review of Operations *(continued)*

Kalkaroo Copper-Gold-Cobalt Project (HAV 100% ownership) *(continued)*
Substantial increases in long-term consensus US$ copper and gold prices used by the Group since the original Kalkaroo project PFS was released (refer to ASX announcement of 18 June 2019) has resulted in more than doubling of the Kalkaroo project pre-tax NPV$_{7.5\%}$ to $1.163 billion applying the same PFS financial model (refer to ASX announcement of 17 May 2021). At the time it was noted the Kalkaroo project net present value ('NPV') was highly sensitive to copper and gold prices. This is evident via sensitivity analysis in a metal price vs NPV$_{7.5\%}$ value matrix reproduced in Table 1 below from the RPM Global Asia Limited PFS financial model.

Table 1 Pre-tax NPV$_{7.5\%}$ value matrix in AUD million for variable USD copper and gold prices

Copper price USD/lb and AUD/lb		Gold price USD/oz and AUD/oz (at AUD:USD exchange rate of 0.75)										
USD		**$1,200**	$1,300	$1,400	**$1,500**	$1,600	$1,700	$1,800	$1,900	$2,000	$2,100	$2,200
	AUD	**$1,600**	**$1,733**	**$1,867**	**$2,000**	**$2,133**	**$2,267**	**$2,400**	**$2,533**	**$2,667**	**$2,800**	**$2,933**
2.89	**3.85**	$564*	$633	$701	$770	$839	$907	$976	$1,044	$1,113	$1,182	$1,250
3.10	**4.13**	$698	$766	$835	$903	$972	$1,040	$1,109	$1,178	$1,246	$1,315	$1,383
3.50	**4.67**	$957	$1,026	$1,094	**$1,163***	$1,232	$1,300	$1,369	$1,437	$1,506	$1,575	$1,643
3.90	**5.20**	$1,217	$1,286	$1,354	$1,423	$1,491	$1,560	$1,629	$1,697	$1,766	$1,834	$1,903
4.30	**5.73**	$1,476	$1,545	$1,614	$1,683	$1,751	$1,820	$1,888	$1,957	$2,026	$2,094	$2,163
4.70	**6.27**	$1,737	$1,805	$1,874	$1,943	$2,011	$2,080	$2,148	$2,217	$2,285	$2,354	$2,423
5.10	**6.80**	$1,996	$2,065	$2,134	$2,202	$2,271	$2,340	$2,408	$2,477	$2,545	$2,614	$2,682
5.50	**7.33**	$2,256	$2,325	$2,394	$2,462	$2,530	$2,599	$2,668	$2,737	$2,805	$2,874	$2,942
5.90	**7.87**	$2,516	$2,585	$2,654	$2,722	$2,790	$2,859	$2,928	$2,997	$3,065	$3,134	$3,202

* Pre-tax NPV$_{7.5\%}$ from Kalkaroo project PFS (**green**) compared with that at long-term consensus US$ copper and gold prices (**orange**), 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%. Note the value matrix uses an AUD:USD exchange rate of 0.75.

It is noted the orange highlighted long-term consensus US$ copper and gold price pre-tax NPV$_{7.5\%}$ of $1.163 billion could still be considered conservative for the Kalkaroo project on several grounds:

1. 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 published PFS to >90% based on Havilah's updated metallurgical test work (refer to ASX announcement of 9 May 2019).
2. Open pit optimisations have not been re-run for higher long-term consensus US$ copper and 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 similar cost inputs) that re-optimisation would result in a larger open pit and hence improved mining economics and a longer mine life. For the above table the published PFS open pit optimisation and RPM Global Asia Limited PFS financial model have been used.
3. The potential revenue contribution from other by-product commodities such as cobalt, REE and molybdenum has not been incorporated due to as yet uncertain recovery pathways.

The copper and gold combination in the Kalkaroo project is advantageous, as these metals are normally natural hedges against each other – copper being driven to a large extent by stable industrial production and economic development; and gold by uncertainty and instability.

Low sovereign risk, advanced, large-scale open pit copper-gold development opportunities in Australia like Kalkaroo are rare, particularly at a time of escalating copper usage associated with the global movement towards renewable energy. South Australia's mining friendly government and enforcement of world's best practice ESG regulations means the Kalkaroo project ticks all boxes as a potential future ethical source of copper (and potentially cobalt).

DIRECTORS' REPORT

Review of Operations *(continued)*

Mutooroo Copper-Cobalt-Gold Project (HAV 100% ownership)

Mutooroo is a lode-style 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.

At long-term consensus US$ copper and cobalt prices, the economics of Mutooroo as an open pit, and later as an underground, mining operation are potentially attractive due to the comparatively high grades of copper (1.53%) and cobalt (0.16%) in the sulphide ore. A PFS work program and budget, ,which includes a major component of additional resource drilling and process plant and mining design work, is in the process of being implemented.

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. Havilah continues 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.

During the financial year a cultural heritage survey conducted by the Wilyakali Native Title claimants and their appointed anthropologist cleared the strike extensions of the Mutooroo resource for drilling and two other prospects. This survey had been delayed from 2020 due to COVID-19 related issues. Subsequently, Havilah's drilling crew moved from Kalkaroo to the Mutooroo Project Area south of the Barrier Highway. The primary objective is drilling for additional shallow open pit resources initially along the northern strike extensions of the current Mutooroo JORC Mineral Resource (Figure 2). The results of this drilling will form part of the PFS. Havilah also plans to progress the mining lease proposal and PEPR document for the Mutooroo project in parallel with the PFS work.

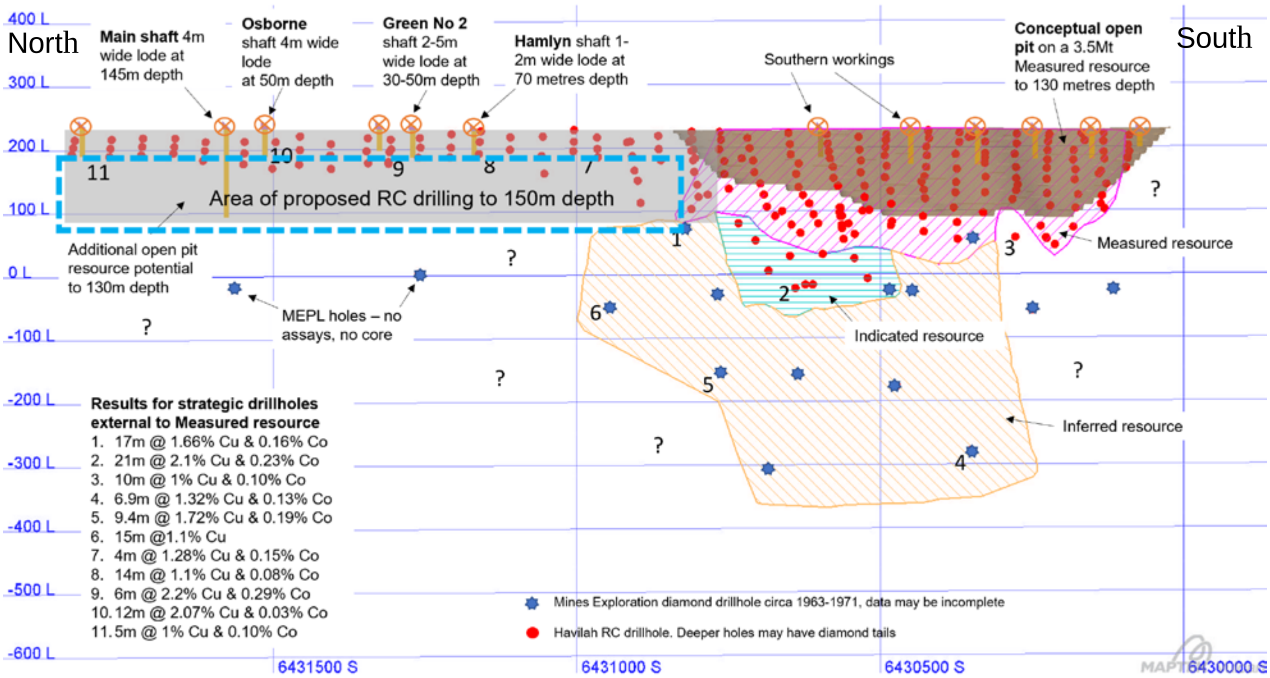


Figure 2 *Long section through the Mutooroo deposit, showing the area proposed to be drilled for additional shallow open pit resources (within dashed blue rectangle), lying immediately north of the conceptual open pit (dark brown).*

DIRECTORS' REPORT

Review of Operations (continued)

Grants Basin, Maldorky and Grants Iron Ore Projects (HAV 100% ownership)
The Maldorky project has a JORC Indicated Mineral Resource of 147 Mt of 30.1% iron at an 18% iron cut-off. It is located approximately 90 km southwest of Broken Hill, and 26 km south of the Barrier Highway and Transcontinental railway line. The iron ore resource is contained in a flat tabular deposit with thin overburden, making it well suited to an open pit mining operation. Granting of the Mining Lease for Maldorky is dependent on obtaining a signed Native Title Mining Agreement and successful land access negotiations.

The Grants iron ore deposit contains 304 Mt of 24% iron JORC Inferred Mineral Resource 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 Barrier Highway and Transcontinental railway line. Only 1 km east is the potentially very large Grants Basin iron ore deposit containing an Exploration Target***** of 3.5-3.8 billion tonnes of 24-28% iron (refer to ASX announcement of 5 April 2019). The western end of this Exploration Target crops out as a solid body of iron ore at least 270 metres thick from surface. It remains a high priority to carry out resource delineation drilling to convert a portion of the western end Exploration Target to a maiden JORC Mineral Resource, initially targeting at least 0.5 billion tonnes of iron ore.

Following a cultural heritage survey conducted by the Wilyakali Native Title claimants and their appointed anthropologist and receipt of DEM drilling approvals, Havilah may proceed with a planned up to 64 hole reverse circulation drilling program on specific resource targets during 2021 (identified on Figure 3).

***** 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.

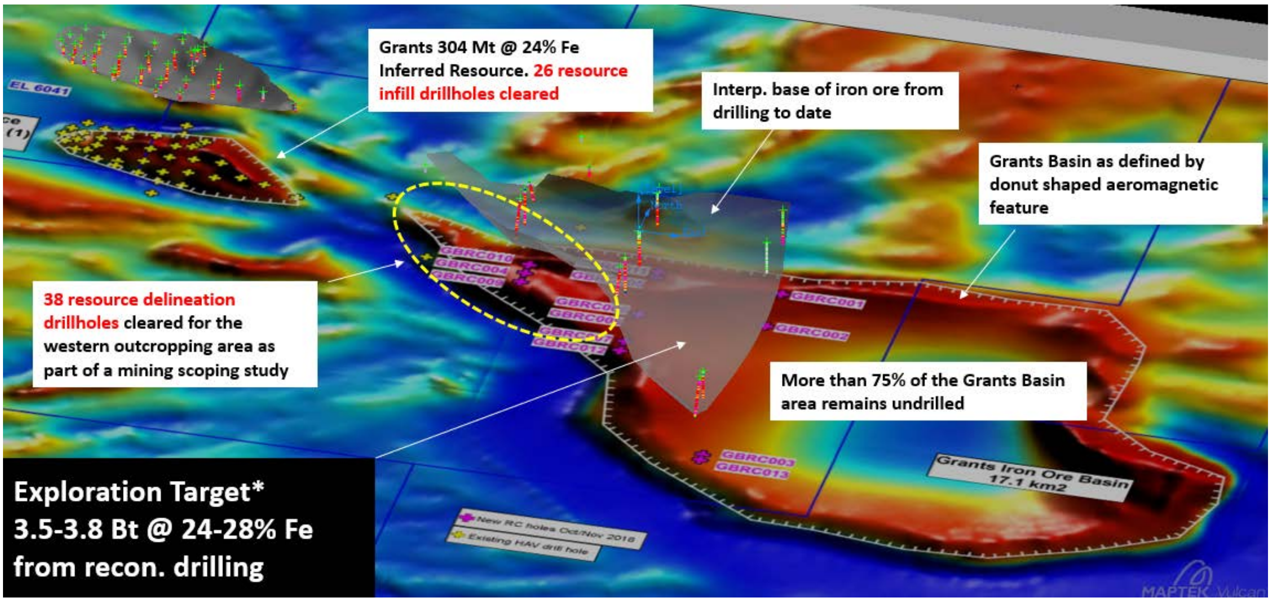


Figure 3 *A several thousand metre reverse circulation drilling program is planned at the western end of the Grants Basin Exploration Target with the objective of defining a maiden JORC iron ore resource that can form the basis for a mining scoping study. Additional reverse circulation drillholes are also proposed to improve confidence in the existing Grants iron ore resource and elevate it to JORC Indicated classification (if feasible).*

Port Augusta Operations
During early 2020 Havilah signed a Memorandum of Understanding with Port Augusta Operations Pty Ltd for the future use of a planned large iron ore handling and transhipment facility near the city of Port Augusta (refer to ASX announcement of 28 February 2020). During January 2021 the South Australian government approved the development application for the former Port Augusta power station site to be transformed into a modern port, to be called Port Playford, providing export shipping services to existing and future mining operations and projects including the Curnamona and Braemar iron ore regions (see South Australia government Media Release dated 19 January 2021).

DIRECTORS' REPORT

Review of Operations *(continued)*

Exploration Strategy

One of the Group's major assets is its ~16,000 km^2 under-explored tenement holding in the Curnamona Craton, that is prospective for a variety of commodities including several strategic and critical minerals such as copper, cobalt, REE, tin and tungsten. Exploration for new economic discoveries leveraging off the Group's large prospective tenement holding and utilising Havilah's extensive knowledge base is a key objective.

Mutooroo Project Area (HAV 100% ownership)

The area surrounding the Mutooroo deposit (termed the 'Mutooroo Project Area') is highly prospective for the discovery of lode-style copper-cobalt-gold resources which can potentially provide supplementary feed to a central sulphide ore processing hub at Mutooroo and hence boost that project's economics. Many earlier economic grade copper and/or gold drilling intersections in the area (Figure 4) have never been followed up, in some cases for over 50 years. In addition, numerous copper, cobalt and gold surface geochemical anomalies identified by Havilah and earlier explorers present completely new targets to test (eg. Cockburn prospect).

Over the next 2 years the Group intends to systematically map, sample and drill known prospects and an experienced exploration geologist has been dedicated to this task. This work has commenced with drilling of the Cockburn and Mutooroo West prospects as described in more detail below. The area has the major logistical advantage of being close to Broken Hill, the Barrier Highway and Transcontinental railway line.

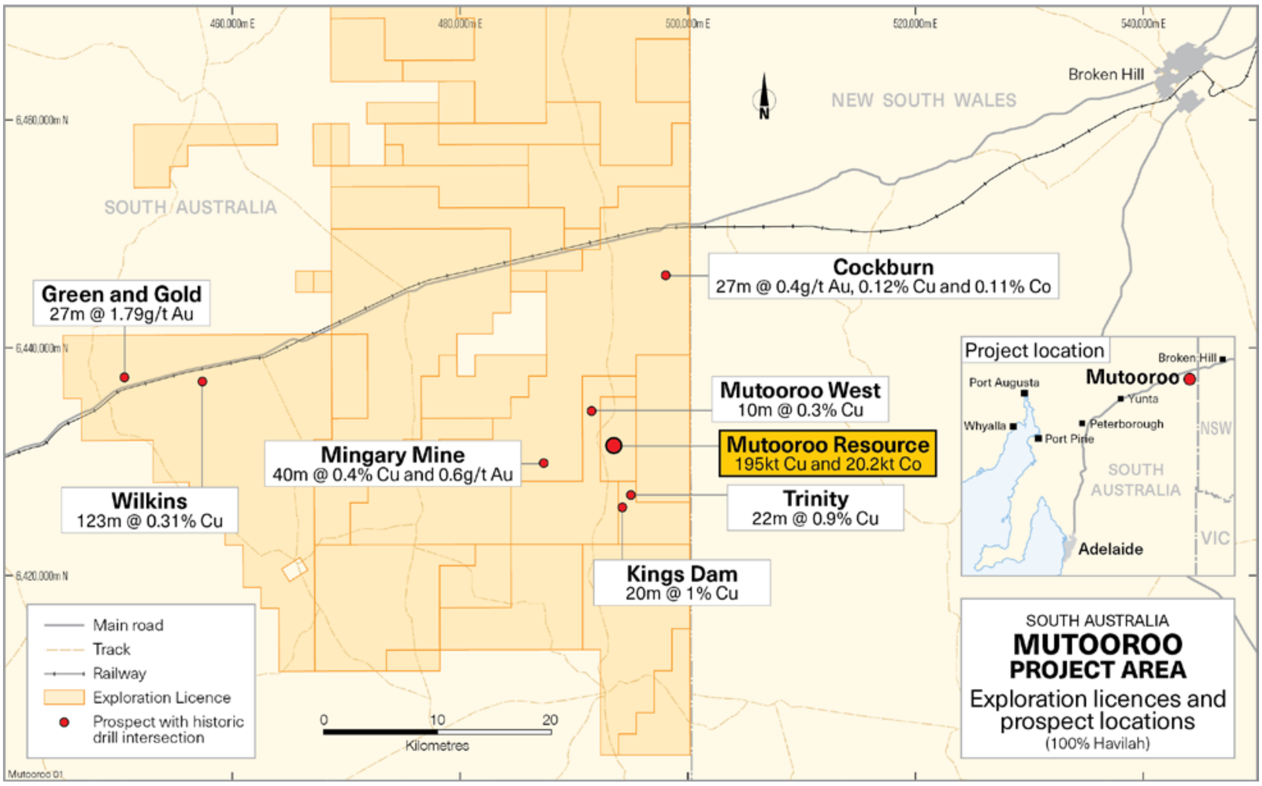


Figure 4 *Mutooroo Project Area showing promising regional prospects in proximity to the Mutooroo resource.*

DIRECTORS' REPORT

Review of Operations *(continued)*

Cockburn Copper-Cobalt-Gold Prospect (HAV 100% ownership) *(formerly Viper prospect)*
The Cockburn prospect (Figure 4) lies 45 km southwest of Broken Hill within sight of the highway border town of Cockburn, and 15 km north of Mutooroo. Highly anomalous surface geochemical samples containing up to 0.26% copper, 0.16% cobalt and 1.03 g/t gold were collected by earlier exploration groups and confirmed by Havilah's 2018 systematic surface lag sampling and rock chip sampling program (refer to ASX announcement of 28 August 2018 and ASX announcement of 7 December 2018, page 17). Follow up field checking by Havilah geologists identified the likely source of the geochemical anomaly as a sulphide gossan that returned up to 0.4% copper and 0.15% cobalt in Niton XRF readings. The main gossan outcrop is restricted to an area of a few tens of square metres.

Four reverse circulation drillholes completed during the financial year intersected a 10-20 metre wide zone of fresh and oxidised sulphides with associated vein quartz beneath the gossan (refer to ASX announcement of 17 August 2021). The fresh sulphides are comprised predominantly of pyrite (iron sulphide) and some chalcopyrite (copper sulphide). It is interpreted that the steeply east-dipping mineralisation occurs at the sheared contact of mica schist and gneissic rocks. Therefore, as interpreted by Havilah geologists, the subtle gossan outcrop at the Cockburn prospect is the surface expression of a quartz-sulphide lode at depth, with general similarities to the Mutooroo sulphide lode system.

New assay results at the Cockburn prospect indicate significant gold, cobalt and copper associated with the quartz sulphide lode including 27 metres of 0.4 g/t gold, 0.11% cobalt and 0.12% copper from 69 metres in drillhole CKRC003 (refer to ASX announcement of 26 August 2021, page 7). The combined metal values and high sulphur value of the pyrite points to a promising new mineral discovery, that could potentially provide additional feed to a sulphide ore processing hub at Mutooroo.

The current drillholes have tested only a short section of the likely >1.5 km lode structure at shallow depths. The width and mineralisation style of the lode are geologically favourable and warrant further follow up drilling to determine the economics of the Cockburn prospect discovery.

Mutooroo West Copper-Cobalt-Gold Prospect (HAV 100% ownership) *(formerly Scorpion prospect)*
The Mutooroo West prospect (Figure 4) lies 4 km northwest of Mutooroo and like Mutooroo was mined for copper in the early 1900's after discovery of an outcropping copper stained gossan by early prospectors. *The Record of the Mines of South Australia (Fourth Edition, 1908, page 98)* in describing the early 1900's mining activity here notes a "large body of sulphide ore" with the lode approximately 6-7 metres wide at 30 metres depth and returning 3-4% (hand-picked) copper grades and 20-30% sulphur. The best result from 5 diamond drillholes completed by MEPL (Mines Exploration Pty Ltd) during 1965 was 7.17 metres of 0.32% copper from 115.8 metres. These drillholes were not assayed for cobalt or gold, but rock chip samples of gossan and pyritic dump material assayed up to 0.16% cobalt and 2.22 g/t gold (refer to ASX announcement of 26 April 2018).

In the first drilling for over 50 years, the Group has recently completed 6 reverse circulation drillholes to test for shallow copper-cobalt mineralisation near the base of oxidation, up-dip and along strike from the MEPL diamond drillholes and specifically testing a priority one AEM (airborne electromagnetic) bedrock conductor (refer to ASX announcement of 12 August 2019).

Jupiter MT Target (HAV 100% ownership)
Jupiter is a major unexplained MT conductive zone located in the north of the Group's tenement holding that is analogous to that seen extending to depth below Olympic Dam (refer Jupiter MT anomaly target). 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. An ADI (Accelerated Development Initiative) grant provides 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 Kalkaroo fault zone (refer to ASX announcement of 26 June 2020). The field survey work has been completed and processing of the data and interpretation is in progress.

Review of Operations *(continued)*

Rare Earth Potential at Kalkaroo Project and Other Prospects (HAV 100% ownership)
In collaboration with the University of South Australia's Future Industries Institute, the Group has been conducting research studies into the nature of REE mineralisation associated with the saprolite gold ore at West Kalkaroo. Bastnasite, a REE carbonate-fluoride mineral, has been identified as the primary REE host in West Kalkaroo oxidised copper-gold ore samples. Results from electron microprobe spot analyses for several bastnasite mineral grains showed that it contains up to 26% of the valuable REE, neodymium. Importantly, the sample contained no measurable radioactive thorium or uranium (refer to ASX announcement of 3 November 2020).

Laboratory studies have shown that the bastnasite can be significantly concentrated due to the fact that most of it is at an optimum 10-50 micron size range that is well suited to concentration by flotation and other methods specific to REE. The chief task has been determining how best to integrate bastnasite recovery into the oxidised ore processing flow sheet. Some new pilot scale separation equipment has been purchased by the Group, which will be trialled in the short-term.

The value upside for the Group is that if REE can be economically recovered in a bastnasite concentrate, as a by-product of the standard copper and gold recovery processes, it potentially provides a further revenue stream for the Kalkaroo project which in turn enhances its development potential.

Croziers Copper-Tungsten-REE Prospect (HAV 100% ownership)
A short exploration drilling campaign was undertaken at the Croziers prospect during the financial year to test the theory that the magnetite skarn has replaced a hangingwall carbonate unit and that from previous experience the potentially mineralised regional Prospective Sequence, that hosts the Kalkaroo and North Portia deposits, should occur stratigraphically ~150 to 200 metres below.

Two reverse circulation holes drilled an interpreted up-dip, near surface projection of the regional stratabound Prospective Sequence at Croziers that is the main host to copper-gold mineralisation throughout the Curnamona Craton, including the Kalkaroo deposit. Unfortunately, the Prospective Sequence at this location is either poorly developed and thinner than usual or may have been largely or completely sheared out (refer to ASX announcement of 26 February 2021, page 7).

The region still has high prospectivity for copper, gold, REE and tungsten mineralisation based on earlier Pasminco-Werrie Gold joint venture drilling to the north, and other targets will be drilled in the area once cleared by native title heritage surveys, subject to Havilah's other work priorities.

This drilling was supported by an ADI (Accelerated Discovery Initiative) grant providing matching funding of $150,000, a major objective of which was to obtain bulk drill samples to allow study of the mineralogical and metallurgical recovery parameters for REE in a research collaboration with the University of South Australia's Future Industries Institute (refer to ASX announcement of 1 June 2020). Anomalously high levels of REE were previously noted in assays from Croziers (refer to ASX announcement of 7 January 2020).

Exploration and Development of Uranium Interests (HAV 100% ownership)
Uranium sentiment remains positive in the light of demand for non-carbon dioxide emitting sources of base-load electricity. The Group holds significant uranium assets, as documented on the Company's website, that are strategically located between the Beverley uranium mine and the Honeymoon restart uranium operation (owned by Boss Energy Ltd). A valuable legacy of exploration data identifies numerous promising sand-hosted uranium prospects in the vicinity of the Benagerie Ridge, the Yarramba palaeovalley downstream from the Honeymoon uranium deposit and in the similarly lightly explored Lake Namba palaeovalley. The Board remains committed to progressing its non-core uranium prospects and projects in a prudent manner with external funding, while leaving Havilah shareholders with a fair residual benefit in the event of success.

DIRECTORS' REPORT

JORC Ore Reserves as at 31 July 2021

Project	Classification	Tonnes (Mt)	Copper %	Gold g/t	Copper tonnes (kt)	Gold ounces (koz)
Kalkaroo [1]	Proved	90.2	0.48	0.44	430	1,282
	Probable	9.9	0.45	0.39	44	125
	Total	**100.1**	**0.47**	**0.44**	**474**	**1,407**

JORC Mineral Resources as at 31 July 2021

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

Project	Classification	Tonnes (Mt)	Iron (%)	Fe concentrate (Mt)	Estimated yield
Maldorky [5]	Indicated	147	30.1	59	40%
Grants [6]	Inferred	304	24	100	33%
Total All Projects	**All categories**	**451**		**159**	

Project	Classification	Tonnes (Mt)	eU3O8 (ppm)	Contained eU3O8 (Tonnes)
Oban [7]	Inferred	8	260	2,100

There were no changes in the JORC Ore Reserves and Mineral Resources as at 31 July 2021 compared with 31 July 2020. Numbers in above tables are rounded.

Footnotes to 2021 JORC Ore Reserve and Mineral Resource Tables

[1] Details released to the ASX: 18 June 2018 (Kalkaroo)
[2] Details released to the ASX: 18 October 2010 and 5 June 2020 (Mutooroo)
[3] Details released to the ASX: 30 January 2018 and 7 March 2018 (Kalkaroo)
[4] Note that the Kalkaroo cobalt Inferred Resource is not added to the total tonnage
[5] Details released to the ASX: 10 June 2011 applying an 18% Fe cut-off (Maldorky)
[6] Details released to the ASX: 5 December 2012 applying an 18% Fe cut-off (Grants)
[7] Details released to the ASX: 4 June 2009 applying 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.

Financial Position

At the end of the financial year the Group had a cash and cash equivalents balance of $4,007,410 (31 July 2020: $1,483,724).

The Group's working capital, being current assets less current liabilities, increased from a net current asset surplus of $68,013 as at 31 July 2020 to $2,737,221 as at 31 July 2021 predominantly as a result of capital raisings.

The Group's equity investment in ASX listed Auteco Minerals Ltd as at 31 July 2021 was valued at $540,834 (31 July 2020: $860,417).

Exploration and evaluation expenditure carried forward increased during the financial year to $37,346,924 primarily due to $1,777,334 incurred on Kalkaroo mining leases and other mineral exploration tenements in South Australia.

The Kalkaroo Station pastoral lease, on which the Kalkaroo deposit is situated, continues to be carried at cost ($2,241,043) in property, plant and equipment.

The Group's total liabilities decreased predominantly due to a partial settlement with the ATO on a prior financial period Research & Development amendment; partially offset by an increase in trade and other payables and deferred grants.

The Group was awarded two ADI (Accelerated Discovery Initiative) grants amounting to a total of $275,000 during the financial year, provided on a matching dollar-for-dollar expenditure basis, from the South Australian government. Of this amount $111,500 was received during the financial year under the ADI advanced payment arrangement (recognised as deferred grants).

The Company issued 35,331,548 new ordinary shares during the financial year, with contributed equity increasing by $5,923,280 as at 31 July 2021. Funds raised will be applied to advance Havilah's key projects, to carry out exploration and in meeting tenement and other administrative costs through to the end of 2021.

DIRECTORS' REPORT

Cash Flows
Operating activities resulted in net cash outflows of $1,530,776 for the financial year (2020: $3,693,060), predominantly for payments to suppliers and employees $1,696,367 (2020: $3,041,180), payments for exploration and evaluation expenditure expensed $398,878 (2020: $374,322), repayment of research & development $Nil (2020: $342,742), and interest and other costs of finance paid $9,860 (2020: $177,724); partially offset by receipts from customers $254,665 (2020: $85,758), COVID-19 grants received $207,800 (2020: $147,852), and government grants received for exploration activities $111,500 (2020: $Nil).

Net cash outflows from investing activities of $1,793,421 (2020: $1,086,493) for the financial year were primarily associated with payments for exploration and evaluation expenditure of $1,777,334 (2020: $966,946) on the Group's exploration projects.

Financing activities resulted in net cash inflows of $5,847,883 (2020: $2,443,631) for the financial year, predominantly associated with proceeds from issue of new ordinary shares $6,006,400 (2020: $5,273,978) and proceeds from borrowing $Nil (2020: $79,291); partially offset by payment of ordinary share issue costs $83,120 (2020: $42,209), repayments of borrowings of $75,397 (2020: $2,661,695), and principal element of lease payments $Nil (2020: $205,734).

The financial year ended with a net increase in cash and cash equivalents of $2,523,686 (2020: net decrease $2,335,922).

Financial Results
The consolidated result of the Group for the financial year was a loss after tax of $2,361,870 (2020: $4,726,429).

Fair value loss of $319,583 (2020: $825,996 gain) was from the Group's equity investment in Auteco Minerals Ltd, designated as fair value through profit or loss ('FVTPL').

Expenses for the financial year includes net employee benefits expense of $1,450,748 (2020: $2,069,925), which includes share-based payments expense of $381,135 (2020: $321,801) associated with unlisted share options.

The loss for the financial year also includes exploration and evaluation expenditure expensed of $398,878 (2020: $374,322) and impairment of capitalised exploration and evaluation expenditure of $Nil (2020: $106,687). Partially offsetting the loss for the financial year was revenue associated with Portia Gold Mine royalty revenue of $149,480 (2020: $120,993) and sales revenue associated with gold inventory $Nil (2020: $2,220); and other income associated with interest income of $364 (2020: $9,298), COVID-19 grants received $207,800 (2020: $147,852), diesel fuel rebates received $25,836 (2020: $8,933), SIMEC Mining exclusivity payment $Nil (2020: $1,000,000), net settlement with the Australian Taxation Office ('ATO') $267,062 (2020: $Nil) which includes consulting costs in negotiating the outcome, other sundry income $20,260 (2020: $Nil), and gain on disposal of plant and equipment $Nil (2020: $4,000).

During the financial year the Board has focused expenditure on the near-term strategy to prepare the West Kalkaroo project for development. This has included an infill drilling program to support a potential mining program and the preparation and lodgement of the PEPR with the DEM.

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 periodically and revised if appropriate. The Board of Directors 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 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 of Directors and assessed as to their relevance.

In accordance with the ASX Listing Rules, the Corporate Governance Statement and Appendix 4G checklist as approved by the Board of Directors are released to the ASX on the same day the Annual Report is released. The Corporate Governance policies and charters are available under the Corporate Governance tab on the Company's website.

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. 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
Directors		
Mr Simon Gray	Executive Director – Chairman, Company Secretary, Chief Financial Officer	Full financial year
Mr Victor Previn	Independent Non-Executive Director	Full financial year
Dr Christopher Giles	Executive Director – Technical Director	Full financial year
Other Key Management Personnel		
Mr Richard Buckley	Senior Mine Planning Engineer	Full financial year

The named persons held their current position for the whole of the financial year and since the end of the financial year.

Section 2. Remuneration Policy

The Group embodies the following criteria in its remuneration framework:
(i) performance-based and aligned with the Group's vision, values and overall business objectives;
(ii) designed to motivate Directors and executives to pursue the Group's long-term growth and success; and
(iii) demonstrate a clear relationship between the Group'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 prior 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 is available under the Corporate Governance tab 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, is not to exceed $300,000 per annum.

At the 2020 Annual General Meeting a resolution that the Remuneration Report for the financial year ended 31 July 2020 be adopted was put to the vote, and received a 95.12% vote (cast on a poll) in favour.

Section 3. Relationship between the Remuneration Policy and Group Performance

Due to the current size and nature of the Company, the Board of Directors does not consider a link between remuneration and Group financial performance is appropriate.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth to 31 July 2021:

Financial Year Ended 31 July:	2021	2020	2019
	$	$	$
Revenue	149,480	123,213	843,178
Loss for financial year	(2,361,870)	(4,726,429)	(7,337,693)

Financial Year Ended 31 July:	2021	2020	2019
	Cents	Cents	Cents
Share price at beginning of financial year	19	15	22
Share price at end of financial year	20.5	19	15
Basic and diluted loss per ordinary share	(0.80)	(1.90)	(3.36)

DIRECTORS' REPORT

Remuneration Report (Audited) *(continued)*

Section 4. Remuneration of Key Management Personnel

Financial Year Ended 31 July 2021	Short-term employee benefits			Post-employment benefits	Long-term employee benefits	Share-based payments expense	
	Salary & fees	Annual leave	Non-monetary	Superannuation	Long service leave	Share options [1]	Total
	$	$	$	$	$	$	$
Directors							
Mr Simon Gray	80,000	6,069	-	7,646	-	-	93,715
Mr Victor Previn	30,000	-	-	2,867	-	-	32,867
Dr Christopher Giles	175,000	13,277	6,216[2]	16,726	-	-	211,219
Other Key Management Personnel							
Mr Richard Buckley	250,005	11,255	-	22,751	6,182	87,991	378,184
Total	**535,005**	**30,601**	**6,216**	**49,990**	**6,182**	**87,991**	**715,985**

Financial Year Ended 31 July 2020	Short-term employee benefits			Post-employment benefits	Long-term employee benefits	Share-based payments expense	
	Salary & fees	Termination pay	Non-monetary	Superannuation	Long service leave	Share options [1]	Total
	$	$	$	$	$	$	$
Directors							
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[2]	16,560	-	36,804	233,906
Mr Mark Stewart **	34,919	-	-	3,317	-	-	38,236
Mr Martin Janes **	16,771	-	-	1,205	-	-	17,976
Other Key Management Personnel							
Mr Richard Buckley	250,004	-	-	23,780	6,500	16,026	296,310
Mr Walter Richards #	72,347	228,466	-	22,548	-	53,564	376,925
Total	**620,864**	**228,466**	**6,216**	**73,458**	**6,500**	**106,394**	**1,041,898**

* Messrs Previn and Gray were appointed Directors on 9 October 2019.
** Messrs Stewart and Janes resigned as Directors on 9 October 2019.
# Mr Walter Richards was made redundant 2 October 2019.

[1] The value of share options 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. For share options that vest immediately, the value is disclosed as an expense immediately. 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.

[2] Provision of Company funded vehicle.

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 [1]	
	2021	**2020**	**2021**	**2020**
Directors				
Mr Simon Gray *	100%	100%	0%	0%
Mr Victor Previn *	100%	100%	0%	0%
Dr Christopher Giles	100%	84.3%	0%	15.7%
Mr Mark Stewart **	-	100%	-	0%
Mr Martin Janes **	-	100%	-	0%
Other Key Management Personnel				
Mr Richard Buckley	76.7%	94.6%	23.3%	5.4%
Mr Walter Richards #	-	85.8%	-	14.2%

* Messrs Gray and Previn were appointed Directors on 9 October 2019.
** Messrs Stewart and Janes resigned as Directors on 9 October 2019.
# Mr Walter Richards was made redundant 2 October 2019.

[1] 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 the Performance Rights and Share Option Plan ('Plan') during March 2019.

The Plan's purposes are to:
(a) provide incentive to eligible executives and employees by enabling them to participate in the profits and financial performance of the Company;
(b) attract, motivate and retain eligible executives and employees; and
(c) 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.

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. Employees are the key to Havilah's success. Exploration activity is managed by professionally skilled and technically competent personnel and is supported by a team with decades of proven experience in their fields. Exploration success remains the basic long-term driver for the Group's organic growth. During the financial year 4,400,000 share options were granted to employees under the Plan.

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.

The share options granted expire within the option period set by the Board of Directors at its discretion. Share options expire 1 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 during the prior financial year exercised its discretion not to require the relevant share options to lapse but allow them to continue for their full term.

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.

DIRECTORS' REPORT

Remuneration Report (Audited) *(continued)*

Section 4. Remuneration of Key Management Personnel *(continued)*

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 and management; investors/ shareholders engagement; risk/opportunity management; and funding success. No performance bonuses were rewarded during the financial year.

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

	Grant date	Grant date fair value	Exercise price per share option	Expiry date	Vesting date
Other Key Management Personnel					
Mr Richard Buckley	26 June 2019	$0.05	$0.22	11 July 2023	75% vested; 25% 11 July 2022
Mr Richard Buckley	26 June 2019	$0.05	$0.28	11 July 2023	100% vested
Mr Richard Buckley	3 May 2021	$0.11	$0.25	30 April 2024	100% vested

The total value of share options included in remuneration for the financial year is calculated in accordance with AASB 2 *'Share-based Payment'*. Share options granted during the current or prior financial years are recognised in share-based payments expense in profit or loss over their vesting period. For share options that vest immediately, the value is disclosed as an expense immediately.

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.

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.

For each grant of share options in the current or prior financial years which resulted in share-based payments expense to a Director 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
Other Key Management Personnel				
Mr Richard Buckley	150,000	112,500	75%	$1,381
Mr Richard Buckley	791,389	791,389	100%	$-
Mr Richard Buckley	800,000	800,000	100%	$-

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.

DIRECTORS' REPORT

Remuneration Report (Audited) *(continued)*

Section 4. Remuneration of Key Management Personnel *(continued)*

Mr Mark Stewart's 600,000 Director share options exercisable at $0.40 each on or before 12 December 2020 lapsed in accordance with the December 2017 terms under which they were issued. The value of the Director share options lapsed was $36,000. There were no other 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.

All share options issued to a Director are made pursuant to approval by shareholders at relevant annual general meetings.

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 is available under the Corporate Governance tab on the Company's website.

Section 5. Key Terms of Employment Contracts

During the 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*.

Directors	Mr Victor Previn	Dr Christopher Giles	Mr Simon Gray
Contract:	Non-Executive Director	Executive agreement	Executive agreement
Title:	Non-Executive Director	Executive Director – Technical Director	Executive Director – Chairman, Company Secretary, Chief Financial Officer
Duration:	No expiration	No fixed term	No fixed term
Period of notice:	None	6 months, in writing	1 month, in writing
Termination payments:	None	Payment in lieu of notice	Payment in lieu of notice
Change of control clause:	No	No	No
Remuneration (exclusive of superannuation):	$30,000 per annum	$174,984 per annum	$80,000 per annum
Vehicle provided for Company use:	No	Yes	No
Remuneration – Short-term incentive:	No	At the discretion of the Board	At the discretion of the Board
Plan eligible:	No	No	No

Other Key Management Personnel	Mr Richard Buckley
Contract:	Employment agreement
Title:	Senior Mine Planning Engineer
Duration:	No fixed term
Period of notice:	5 weeks, in writing
Termination payments:	Payment in lieu of notice
Change of control clause:	No
Remuneration – Base Salary (exclusive of superannuation):	$250,000 per annum
Vehicle provided for Company use:	No
Remuneration – Short-term incentive:	Up to 30% of the Base Salary, payable at the discretion of the Board
Remuneration – Long-term incentive:	Eligible to participate in any Company long-term incentive plan

DIRECTORS' REPORT

Remuneration Report (Audited) *(continued)*

Section 6. Statutory Reporting

Loans to Key Management Personnel
During the 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 2021 was as follows:

	Balance at 31 July 2020	Granted as remuneration	Ordinary shares purchased [1]	Ordinary shares sold	Balance at 31 July 2021	Balance held nominally [2]
Directors						
Mr Simon Gray	100,000	-	58,823	-	158,823	-
Mr Victor Previn	2,275,153	-	176,469	-	2,451,622	-
Dr Christopher Giles	41,945,674	-	88,235	-	42,033,909	-
Other Key Management Personnel						
Mr Richard Buckley	557,500	-	117,647	-	675,147	-

[1] Represents ordinary shares purchased via the share purchase plan.
[2] '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.

Key Management Personnel Share Option Holdings
The number of share options (unlisted) held by Directors and other key management personnel, including their personally related parties, as at 31 July 2021 was as follows:

	Balance at 31 July 2020	Granted as remuneration	Balance at 31 July 2021	Total vested & exercisable at 31 July 2021	Total unvested at 31 July 2021	Options vested during financial year
Directors						
Mr Simon Gray *	40,000	-	40,000	30,000	10,000	10,000
Mr Victor Previn	-	-	-	-	-	-
Dr Christopher Giles	2,400,000	-	2,400,000	2,400,000	-	-
Other Key Management Personnel						
Mr Richard Buckley	941,389	800,000	1,741,389	1,703,889	37,500	1,035,347

***** 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 a prior financial period. Therefore, these share options do not form part of his Director remuneration.

No share options were exercised by Directors or other key management personnel during the financial year.

DIRECTORS' REPORT

Remuneration Report (Audited) *(continued)*

Section 6. Statutory Reporting *(continued)*

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 the Group incurred the following other 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):

- $23,732 (2020: $37,600) for marketing and public relations services to a social media company (Filtrd) in which a related party (William Giles) of Dr Christopher Giles has an interest. The balance outstanding included in trade and other payables is $2,000 (2020: $11,000);
- $Nil (2020: $2,565) for legal services provided by a company (Arion Legal) that is a related party of Mr Mark Stewart (who ceased to be a Havilah Director on 9 October 2019). The balance outstanding included in trade and other payables is $Nil (2020: $Nil); and
- $Nil (2020: $2,400) 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 (2020: $Nil).

END OF REMUNERATION REPORT (AUDITED)

Non-Audit Services
During the financial year the Company's external auditor, Grant Thornton Audit Pty Ltd, performed certain other services in addition to its statutory audit duties.

The Board has considered the non-audit services provided during the financial year by the external auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

(a) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Directors to ensure they do not impact upon the impartiality and objectivity of the external auditor; and
(b) the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *'Code of Ethics for Professional Accountants'*, as they did not involve reviewing or auditing the external auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or payable to the external auditor for audit and non-audit services provided during the financial year are set out in Note 4 to the consolidated financial statements.

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 28.

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

25 October 2021

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Adelaide SA 5000

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Adelaide SA 5001

T +61 8 8372 6666

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 2021, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 October 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Financial Year Ended	
	Note	**31 July 2021**	**31 July 2020**
		$	**$**
Revenue	4	149,480	123,213
Other income	4	521,322	1,170,083
Fair value (loss) gain on financial assets	12(a)	(319,583)	825,996
Employee benefits expense (net)	4	(1,450,748)	(2,069,925)
Depreciation expense	4	(95,642)	(309,864)
Impairment of plant and equipment	11	-	(200,000)
Write-down of CMC receivable		-	(2,595,451)
Extraordinary General Meeting expenses		-	(404,841)
Finance costs	4	(55,579)	(177,724)
Exploration and evaluation expenditure expensed		(398,878)	(374,322)
Impairment of capitalised exploration & evaluation expenditure	10	-	(106,687)
Share registrar, ASIC and ASX listing fees		(193,056)	(156,057)
Insurance expense		(109,482)	(136,308)
Investor relations cost		(148,514)	(65,031)
Consulting fees		(63,310)	(161,014)
Other expenses		(197,880)	(88,497)
Loss before income tax		(2,361,870)	(4,726,429)
Income tax expense	6(a)	-	-
Loss for financial year attributable to equity holders of the Company		**(2,361,870)**	**(4,726,429)**
Other comprehensive income for financial year, net of income tax		-	-
Total comprehensive loss for financial year attributable to equity holders of the Company		**(2,361,870)**	**(4,726,429)**
Loss per share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic and diluted loss per ordinary share	3	(0.80)	(1.90)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 July 2021	Restated 31 July 2020
		$	$
Current assets			
Cash and cash equivalents	7(a)	4,007,410	1,483,724
Trade and other receivables	8	62,996	102,358
Other assets	9	83,069	89,193
Total current assets		4,153,475	1,675,275
Non-current assets			
Exploration and evaluation expenditure	10	37,346,924	35,569,590
Property, plant and equipment	11	2,584,182	2,667,508
Other financial assets	12	600,834	920,417
Total non-current assets		40,531,940	39,157,515
Total assets		44,685,415	40,832,790
Current liabilities			
Trade and other payables	13	675,953	470,253
Borrowings	14	10,376	75,361
Provisions	15	571,219	519,308
Other financial liabilities	16	158,706	542,340
Total current liabilities		1,416,254	1,607,262
Non-current liabilities			
Borrowings	14	53,457	63,869
Deferred grants	17	111,500	-
Total non-current liabilities		164,957	63,869
Total liabilities		1,581,211	1,671,131
Net assets		**43,104,204**	**39,161,659**
Equity			
Contributed equity	18(a)	82,829,843	76,906,563
Accumulated losses		(38,378,583)	(36,090,969)
Share-based payments reserve		1,252,741	945,862
Buy-out reserve		(2,599,797)	(2,599,797)
Total equity		**43,104,204**	**39,161,659**

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
	$	$	$	$	$
Balance as at 31 July 2019	71,674,794	(31,421,839)	681,360	(2,599,797)	38,334,518
Loss for financial year	-	(4,726,429)	-	-	(4,726,429)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for financial year	-	(4,726,429)	-	-	(4,726,429)
Transactions with owners in their capacity as owners:					
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
Balance as at 31 July 2020	**76,906,563**	**(36,090,969)**	**945,862**	**(2,599,797)**	**39,161,659**
Loss for financial year	-	(2,361,870)	-	-	(2,361,870)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for financial year	-	(2,361,870)	-	-	(2,361,870)
Transactions with owners in their capacity as owners:					
Ordinary shares issued	6,006,400	-	-	-	6,006,400
Transaction costs arising on ordinary shares issued	(83,120)	-	-	-	(83,120)
Unlisted options lapsed	-	74,256	(74,256)	-	-
Share-based payments expense	-	-	381,135	-	381,135
Balance as at 31 July 2021	**82,829,843**	**(38,378,583)**	**1,252,741**	**(2,599,797)**	**43,104,204**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Financial Year Ended 31 July 2021	31 July 2020
		$	$
Cash flows from operating activities			
Receipts from customers		254,665	85,758
COVID-19 grants received		207,800	147,852
Government grants received for exploration activities	17	111,500	-
Interest received		364	9,298
Payments to suppliers and employees		(1,696,367)	(3,041,180)
Payments for exploration and evaluation expenditure expensed		(398,878)	(374,322)
Repayment of Research & Development		-	(342,742)
Interest and other costs of finance paid		(9,860)	(177,724)
Net cash flows used in operating activities	7(b)	(1,530,776)	(3,693,060)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure capitalised		(1,777,334)	(966,946)
Payments for property, plant and equipment		(16,087)	(123,547)
Proceeds from disposal of non-current assets		-	4,000
Net cash flows used in investing activities		(1,793,421)	(1,086,493)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		6,006,400	5,273,978
Payment of ordinary share issue costs		(83,120)	(42,209)
Proceeds from borrowings		-	79,291
Repayments of borrowings		(75,397)	(2,661,695)
Principal element of lease payments		-	(205,734)
Net cash flows provided by financing activities		5,847,883	2,443,631
Net increase (decrease) in cash and cash equivalents		2,523,686	(2,335,922)
Cash and cash equivalents at beginning of financial year		1,483,724	3,819,646
Cash and cash equivalents at end of financial year	7(a)	**4,007,410**	**1,483,724**

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 20.

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 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 6, 10, 12 and 25.

Change in Accounting Policy
The Group previously recognised government grants received for exploration activities as deferred grants to be offset against any future amortisation of the related exploration and evaluation expenditure.

During the financial year the Group changed its accounting policy such that government grants received relating to capitalised exploration and evaluation expenditure are now credited directly against the exploration and evaluation assets to which they relate to match the grants received with the expenditure the grants are intended to compensate.

The impact of the change in accounting policy has been to restate the comparative financial period to match the current accounting policy:

	Previously stated	Impact of restatement	Restated 31 July 2020
	$	$	$
Exploration and evaluation expenditure (refer Note 10)	36,244,499	(674,909)	35,569,590
Trade and other payables (refer Note 13)	(469,253)	(1,000)	(470,253)
Deferred grants (refer Note 17)	(675,909)	675,909	-

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021, the Group recognised a loss of $2,361,870, had net cash outflows from operating and investing activities of $3,324,197; and had accumulated losses of $38,378,583 as at 31 July 2021. In addition, the impacts of the COVID-19 pandemic, which continued 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. Earnings per Share

The Group discloses relevant 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 on issue during the financial year.

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'*.

	Financial Year Ended	
	31 July 2021	**31 July 2020**
Loss per share attributable to equity holders of the Company:	**Cents**	**Cents**
Basic and diluted loss per ordinary share	(0.80)	(1.90)
	$	**$**
Loss for financial year attributable to equity holders of the Company used to calculate basic and diluted loss per ordinary share	(2,361,870)	(4,726,429)
Weighted average number of ordinary shares on issue during financial year used in calculating basic and diluted loss per ordinary share	294,016,706	249,252,740

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 2021	31 July 2020
	$	$
Revenue		
Royalty revenue from Portia Gold Mine	149,480	120,993
Sales revenue associated with gold inventory	-	2,220
Total revenue	149,480	123,213
Other Income		
Interest income from unrelated entities	364	9,298
COVID-19 grants received	207,800	147,852
Diesel fuel rebates received	25,836	8,933
SIMEC Mining exclusivity payment	-	1,000,000
Gain on disposal of plant and equipment	-	4,000
ATO settlement (net) (refer (a) below)	267,062	-
Other sundry income	20,260	-
Total other income	521,322	1,170,083
(a) ATO settlement on Research & Development amendment:		
Gross settlement proceeds	415,882	-
Costs associated with settlement	(148,820)	-
ATO settlement (net)	267,062	-
Expenses		
Employee benefits expense (net):		
- Employee benefits expense (refer (b) below)	(1,222,241)	(1,736,465)
- Capitalisation of employee benefits expense to exploration expenditure	490,429	320,200
- Directors' remuneration	(337,801)	(331,859)
- Share-based payments expense (refer Note 25)	(381,135)	(321,801)
Total employee benefits expense (net)	(1,450,748)	(2,069,925)
Depreciation expense:		
- Depreciation expense – Property, plant and equipment	(95,642)	(97,375)
- Depreciation expense – Right-of-use assets	-	(212,489)
Total depreciation expense	(95,642)	(309,864)
Finance costs:		
- Interest expense	(42,105)	(142,565)
- Interest element on lease liabilities	-	(18,992)
- Bank fees	(13,474)	(16,167)
Total finance costs	(55,579)	(177,724)

(b) Represents employee benefits expenses (short-term, post-employment and long-term).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Financial Year Ended	
	31 July 2021	**31 July 2020**
	$	**$**
(i) Grant Thornton Audit Pty Ltd		
Audit or review of financial reports	49,317	48,100
Total remuneration for audit and other assurance services	49,317	48,100
Taxation services	7,000	-
Total remuneration for other services	7,000	-
Total remuneration of Grant Thornton Audit Pty Ltd	56,317	48,100
(ii) Deloitte Touche Tohmatsu		
Additional costs invoiced by Deloitte for the 2019 financial year audit	-	23,195
Total remuneration for audit and other assurance services	-	23,195
Total remuneration of external auditor	56,317	71,295

Significant Accounting Policy: Impairment of Assets (except exploration & evaluation; financial assets)
At the end of each reporting period, 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.

Significant Accounting Policy: Government Grants
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, in accordance with AASB 120 *'Accounting for Government Grants and Disclosures of Government Assistance'*.

Grants relating to capitalised exploration and evaluation expenditure are credited against the exploration and evaluation assets to which they relate to match the grants received with the expenditure the grants are intended to compensate, in accordance with AASB 120 *'Accounting for Government Grants and Disclosures of Government Assistance'*. As outlined in Note 1 – this is a change in accounting policy from prior periods.

Note 5. Segment Information

The Group has a number of exploration tenements, mining leases, miscellaneous purposes licences and mineral claims 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. The Group operates as one segment being exploration for and evaluation of mineral resources 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Income Tax

	Financial Year Ended	
	31 July 2021	**31 July 2020**
	$	**$**
(a) Income Tax Recognised in Profit or Loss		
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 26% (2020: 27.5%)	(614,086)	(1,299,767)
Share-based payments expense	99,095	88,495
Other	(78,443)	53,142
Timing differences not bought to account	593,434	-
Revenue tax losses not recognised	-	330,858
Prior under (over) provision	-	827,272
Income tax expense	-	-

	31 July 2021	31 July 2020
	$	**$**
(b) Deferred Tax Balances		
Deferred tax assets and (liabilities) are attributable to the following:		
Temporary differences		
Exploration and evaluation expenditure	(10,044,479)	(9,967,237)
Plant and equipment	(11,585)	16,132
Other financial assets	52,974	(231,205)
Employee benefit provisions	152,840	142,810
Other	9,100	-
Deferred income	-	185,600
Transaction costs arising on ordinary shares issued	95,006	-
Total	(9,746,144)	(9,853,900)
Offset by deferred tax assets relating to operating losses	9,746,144	9,853,900
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	9,672,065	9,622,878
Capital tax losses	-	-
Total unrecognised deferred tax assets	9,672,065	9,622,878

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 6. 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 20.

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 7. Cash and Cash Equivalents

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

	31 July 2021	31 July 2020
	$	$
Cash at banks and on hand	4,007,410	1,483,724
Total cash and cash equivalents	4,007,410	1,483,724

Financial Risk Management
Information concerning the Group's exposure to financial risks on cash and cash equivalents is set out in Note 19.

(b) Reconciliation of Cash Flows used in Operating Activities

	Financial Year Ended	
	31 July 2021	31 July 2020
	$	$
Loss for financial year	(2,361,870)	(4,726,429)
Non-cash items included in loss for financial year:		
Fair value loss (gain) on financial assets	319,583	(825,996)
Write-down of CMC receivable	-	2,595,451
SIMEC Mining exclusivity payment	-	(1,000,000)
Impairment of capitalised exploration & evaluation expenditure	-	106,687
Share-based payments expense	381,135	321,801
Depreciation expense property plant and equipment	95,642	97,375
Impairment of plant and equipment	-	200,000
Depreciation expense right-of-use assets	-	212,489
Security deposit forfeited	-	15,000
Other	3,771	-
Items classified as investing or financing activities:		
Proceeds from sale fixed assets	-	(4,000)
Amortisation of insurance premium funding	64,985	156,649
Changes in operating assets and liabilities:		
(Increase)/decrease in assets		
Trade and other receivables	39,362	(55,686)
Other current assets	(58,861)	(41,862)
Increase/(decrease) in liabilities:		
Trade and other payables	205,700	(295,375)
Provisions	51,911	(106,422)
Other financial liabilities	(383,634)	(342,742)
Deferred grants	111,500	-
Net cash flows used in operating activities	(1,530,776)	(3,693,060)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Cash and Cash Equivalents *(continued)*

(c) Total Liabilities from Financing Activities

	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 *'Leases'* 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	-
Proceeds from borrowing	-	-	-	-
Repayment of borrowing	-	(10,412)	(64,985)	-
Balance as at 31 July 2021	-	63,833	-	-

Note 8. Trade and Other Receivables

	31 July 2021	31 July 2020
	$	$
Current		
Trade receivables	-	38,876
GST recoverable	62,996	63,482
Total current trade and other receivables	62,996	102,358

Financial Risk Management
Information concerning the Group's exposure to financial risks on trade and other receivables is set out in Note 19.

Note 9. Other Assets

	31 July 2021	31 July 2020
	$	$
Current		
Prepayments	83,069	89,193
Total current other assets	83,069	89,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Exploration and Evaluation Expenditure

	31 July 2021	Restated* 31 July 2020
	$	$
Cost brought forward	35,569,590	34,849,188
Expenditure incurred during the financial period	1,777,334	966,946
Costs reimbursed by SIMEC Mining	-	(139,857)
Impairment of capitalised exploration and evaluation expenditure	-	(106,687)
Total expenditure and evaluation expenditure carried forward	37,346,924	35,569,590
Intangible	37,346,924	35,569,590

***** Refer to Note 1 for details of the restatement.

A review of the Group's exploration and evaluation tenement portfolio was conducted during the financial year, which resulted in no impairments from tenement expiry and/or relinquishment (2020: $106,687).

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 exploitation 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 period 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 10. 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 11. Property, Plant and Equipment

	Pastoral lease at cost [1]	Plant and equipment	Total
	$	$	$
Cost brought forward			
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
Additions	-	16,087	16,087
Assets scrapped	-	(6,818)	(6,818)
Balance as at 31 July 2021	2,241,043	3,885,125	6,126,168
Accumulated depreciation			
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)
Depreciation expense	-	(95,642)	(95,642)
Depreciation assets scrapped	-	3,047	3,047
Balance as at 31 July 2021	-	(3,541,986)	(3,541,986)
Net Book Value:			
As at 31 July 2020	2,241,043	426,465	2,667,508
As at 31 July 2021	2,241,043	343,139	2,584,182

[1] 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 11. 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.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write-down the net cost of each asset over its expected useful life to its estimated residual value. 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 12. Other Financial Assets

	31 July 2021	31 July 2020
	$	$
Non-current		
At amortised cost:		
Bank term deposits (refer Note 23(a))	60,000	60,000
At fair value (investment in equity instruments designated FVTPL):		
Shares in a listed ASX entity (refer (a) below)	540,834	860,417
Total non-current other financial assets	600,834	920,417

(a) The Group's financial assets designated as FVTPL (Fair value through profit or loss) comprise 4,916,667 fully paid ordinary shares held in ASX listed Auteco Minerals Ltd. Fair value is based on the last traded price (ASX issuer code: AUT) at the end of the reporting period. The FVTPL loss for the financial year was $319,583 (2020: gain $825,996).

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 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Trade and Other Payables

	31 July 2021	Restated* 31 July 2020
	$	$
Current (unsecured)		
Trade payables	294,617	348,739
Sundry payables and accruals	381,336	121,514
Total current trade and other payables	675,953	470,253

***** Refer to Note 1 for details of the restatement.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that remain 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 19.

Note 14. Borrowings

	31 July 2021	31 July 2020
	$	$
Current (secured)		
Hire purchase loan (refer (a) below)	10,376	10,376
Current (unsecured)		
Insurance premium funding (refer (b) below)	-	64,985
Total current borrowings	10,376	75,361
Non-current (secured)		
Hire purchase loan (refer (a) below)	53,457	63,869
Total non-current borrowings	53,457	63,869

(a) 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.

(b) 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 expired during the financial year.

The Group also has access to a $500,000 secured bank guarantee facility provided by the National Australia Bank Limited, of which $100,000 is currently being utilised to secure a bank guarantee for a rehabilitation bond. The facility expires January 2022. Refer Note 23(a) 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 11).

Financial Risk Management
Information concerning the Group's exposure to financial risks on borrowings is set out in Note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Provisions

	31 July 2021	31 July 2020
	$	$
Current		
Employee benefits	571,219	519,308
Total current provisions	571,219	519,308

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 16. Other Financial Liabilities

	31 July 2021	31 July 2020
	$	$
Current (unsecured)		
Research & Development income amendment (refer (a) below)	158,706	542,340
Total current other financial liabilities	158,706	542,340

(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 have met the requirements of the *Income Tax Assessment Act 1997*. During the financial year ended 31 July 2019, the Group entered into a payment plan with the Australian Taxation Office ('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. During the financial year Havilah appealed the ruling and obtained a settlement with the ATO (refer Note 4).

Financial Risk Management
Information concerning the Group's exposure to financial risks on other financial liabilities is set out in Note 19.

Note 17. Deferred Grants

	31 July 2021	Restated* 31 July 2020
	$	$
Non-current		
Government grants obtained during financial year	111,500	-
Total non-current deferred grants	111,500	-

***** Refer to Note 1 for details of the restatement.

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.

The Group's projects at times may be supported by grants received from federal, state and/or local governments. Government grants received in relation to exploration and evaluation expenditure are initially deferred as a liability until the grant is spent. Once spent, it is then recognised as a reduction in the carrying value of the exploration and evaluation asset or income if the expenditure relating to the grant is expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Contributed Equity and Reserves

	31 July 2021	31 July 2020
	$	$
(a) Contributed Equity		
Ordinary shares, fully paid	82,829,843	76,906,563
Total contributed equity	82,829,843	76,906,563

(b) Movement in Ordinary Shares

Dates	Details	Number of ordinary shares	$
1 August 2019	Opening balance in prior 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 prior financial year	270,945,680	76,906,563
23 November 2020	Ordinary shares issued – share placement	15,000,000	2,550,000
15 December 2020	Ordinary shares issued – share purchase plan	15,990,374	2,718,400
15 December 2020	Ordinary shares issued – share placement	4,341,174	738,000
	Transaction costs arising on ordinary shares issued	-	(83,120)
31 July 2021	Balance at end of financial year	306,277,228	82,829,843

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

(c) Dividends
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.

There were no ordinary dividends declared or paid during the financial year by the Company (2020: $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.

Note 18. 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 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 19. Financial Instruments (including Financial Risk Management)

The Group's activities expose it to a variety of financial risks: market risk; credit risk; and liquidity risk. The Group's 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 reviewed on a periodic basis 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 2021	31 July 2020
		$	$
Financial assets			
Cash and cash equivalents	7(a)	4,007,410	1,483,724
Trade and other receivables	8	62,996	102,358
Bank term deposits	12	60,000	60,000
Shares in a listed ASX entity (designated FVTPL)	12	540,834	860,417
Financial liabilities			
Trade and other payables	13	675,953	470,253
Borrowings	14	63,833	139,230
Other financial liabilities	16	158,706	542,340

The Group had no off-balance sheet financial assets or financial liabilities during the financial year or prior financial year.

(a) Market Risk

(i) Commodity Price Risk
The Group does not currently have any projects in production and has no current exposure to commodity price fluctuations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Financial Instruments (including Financial Risk Management) *(continued)*

(a) Market Risk *(continued)*

(ii) 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.

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 had no interest rate hedging in place as at 31 July 2021 (or 31 July 2020).

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

If interest rates had been 50 basis points higher or lower at the end of the reporting period, and all other variables were held constant, the Group's loss would decrease $20,337 and increase by $90 respectively (2020: $13,259 both decrease and increase). This is attributable to interest rates on bank term deposits and trading accounts.

(iii) 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 analysis
The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. This sensitivity should not be used to forecast the future effect of movements in equity price on future profit or loss.

At the end of the reporting period, if Auteco Minerals Ltd's last traded price on the ASX had been 5% higher or lower the Group's loss would decrease/increase by $27,042 (2020: $43,020).

(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 Consolidated Mining & Civil Pty Ltd ('CMC'), with a gross receivable balance of $3,800,000 (31 July 2020: $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. During the financial year ended 31 July 2020, the Group had fully written-down the carrying value of this asset. The Group does not have any significant credit risk exposure to any other counterparty, other than bank term deposits and trading accounts with the Group's bank. The credit risk on liquid funds is limited because the counterparty is an Australian bank with an investment grade credit rating 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 bank term deposits and trading accounts held with the National Australia Bank Limited, the maximum exposure as at 31 July 2021 was $4,067,407 (31 July 2020: $1,543,724).

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 19. 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 and interest rate risk for its financial assets and financial liabilities at the end of the financial year.

Financial assets	Weighted average effective interest rate	Less than 1 year	1 to 2 years
2021	**%**	**$**	**$**
Non-interest bearing	-	603,830	-
Variable interest rate	0.0	4,067,410	-
2020			
Non-interest bearing	-	962,775	-
Variable interest rate	0.75	1,543,724	-

Financial liabilities	Weighted average effective interest rate	Less than 1 year	1 to 2 years
2021	**%**	**$**	**$**
Non-interest bearing	-	675,953	-
Variable interest rate	7.9	158,706	-
Fixed interest rate	4.1	10,376	53,457
2020			
Non-interest bearing	-	470,253	-
Variable interest rate	7.9	542,340	-
Fixed interest rate	4.1	75,361	63,869

(d) Fair Value Measurement of Assets and Liabilities
The fair value of financial assets and financial liabilities are not materially different to their carrying amount.

As the shares in a listed ASX entity (designated FVTPL) are publicly traded listed securities (and traded actively on the ASX) the fair value as at 31 July 2021 of $540,834 (31 July 2020: $860,417) was based on the shares last quoted sales price at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 July 2021 (or 31 July 2020).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19. 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 at 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 the end of the reporting period. 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.

FVTPL (Financial assets at fair value through profit or loss)
Certain shares in a listed ASX entity 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 counterparty 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 trade and other payables, borrowings, 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. They are presented as current liabilities, unless payment is not due for more than 12 months after the end of the reporting period.

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 20. Composition of the Group

Havilah Resources Limited, the Group's ultimate Parent Company, is an Australian public company limited by shares and is listed on the ASX. The Company was incorporated as a public company on 11 February 1997. The Company is 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 2021	2020
Parent Company:				
Havilah Resources Limited	Australia	Parent Company. Owner of various exploration licences and Mutooroo Mining Lease		
Subsidiaries:				
Copper Aura Pty Ltd	Australia	Owner of various tenements in the Mutooroo Project Area	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 project (3 Mining Leases, 2 Miscellaneous Purposes Licences and 1 Mineral Claim 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 granted and Mining Lease application in process)	100%	100%
Mutooroo Metals Pty Ltd	Australia	Owner of the Mutooroo copper-cobalt project (2 Mineral Claims granted)	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 2021 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 21. 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 2021 (or 31 July 2020).

(b) Joint Operation Arrangements
The Group's interests in joint operation arrangements are as follows:

	31 July 2021	**31 July 2020**
Prospect Hill farm-in agreement	Earning up to 85%	Earning up to 85%
Pernatty Lagoon farm-in agreement	10%, carried interest	10%, carried interest

There are no amounts (2020: $Nil) represented in the Group's share of assets, liabilities, revenues or expenses in respect of joint operations.

There are $Nil (31 July 2020: $Nil) exploration expenditure commitments in respect of joint operations.

Contingent liabilities in respect of joint operations are set out in Note 23(a).

Prospect Hill farm-in agreement
On 26 March 2007 the Group entered into a farm-in agreement with Teale & 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 3 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. Thereafter Teale & Associates Pty Ltd and Mr Adrian Mark Brewer may contribute their 15% share of development costs or revert to a net smelter return royalty.

Pernatty Lagoon farm-in agreement
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 was converted into a 10% 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 22. 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 South Australian 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, Amalgamated Expenditure Agreements ('AEA') negotiated with the Department for Energy and Mining ('DEM') the regulator in South Australia, will also alter the expenditure commitments of the Group.

Presently two AEAs are in force with the DEM that commenced effective from 1 January 2020 for the 2 year period ending 31 December 2021, for a total expenditure commitment of $10,085,000 across relevant mineral exploration tenements. In addition, the AEAs include relinquishment of a minimum of 10% of the combined relevant tenement areas at the end of the 2 years if the expenditure commitments are met. During April 2020, the South Australian government announced a 12 month waiver of committed exploration expenditure for all mineral exploration licence holders, which has been reflected in the current AEA terms. It is expected new AEAs will be negotiated with the DEM during early 2022, taking into account such factors as past performance, the prevailing exploration licence ('EL') cumulative expenditure commitments (dependent in part on the tenement area relinquished at the end of 2021), proposed exploration work programs, and ground accessibility. At this stage, it is considered unlikely that AEA conditions would be more favourable in terms of overall expenditure and relinquishment requirements than those for the current AEAs.

The minimum expenditure commitment on other mineral exploration tenements not covered by AEAs is approximately:

	31 July 2021	31 July 2020
	$	$
Not later than 1 year	190,000	190,000
Total exploration expenditure commitments	190,000	190,000

(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 2021	31 July 2020
	$	$
Not 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	1,710,014	1,841,554
Total MLs and MPLs rental commitments	2,367,709	2,499,249

(c) Kalkaroo Station Pastoral Lease Rental Commitment
Non-cancellable annual Kalkaroo Station pastoral lease rentals for future financial years have not been provided for in the consolidated financial statements. The Kalkaroo Station pastoral lease rental payment is $5,157 (2020: $5,157) per annum, and will be payable annually for an indefinite period of time.

(d) Capital Expenditure Commitments
The Group has no contractual capital expenditure commitments outstanding at 31 July 2021 (31 July 2020: $Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 23. 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 Schedule on page 66 for relevant 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 NTMA (Native Title Mining Agreement) for Kalkaroo was executed between the Ngadjuri Adnyamathanha Wilyakali Native Title Aboriginal Corporation ('NAWNTAC') and Havilah. Annual floor payments, adjusted for CPI (consumer price index), 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 native title claims on these exploration tenements and, in any event, whether or not and to what extent the native title 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 Energy and Mining and security for a purchase card facility provided to the Group by its banker.

Additionally, the Group has utilised $100,000 of a non-cash backed National Australia Bank Limited guarantee facility of $500,000 as security for the following unconditional irrevocable bank guarantee: a rehabilitation bond issued by Geothermal Resources Pty Limited for $100,000 to the Minister for Energy and Mining.

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 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 24. 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 20.

(b) Remuneration of Key Management Personnel
Directors and other key management personnel remuneration is summarised as follows:

	Financial Year Ended	
	31 July 2021	**31 July 2020**
	$	**$**
Short-term employee benefits	571,822	855,546
Post-employment benefits	49,990	73,458
Long-term employee benefits	6,182	6,500
Share-based payments expense	87,991	106,394
Total key management personnel remuneration	715,985	1,041,898

Detailed remuneration disclosures for key management personnel are provided in the audited Remuneration Report on page 22.

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 2021.

(c) Other Related Party Transactions with Directors and Related Entities
During the financial year the Group incurred the following other 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):

- $23,732 (2020: $37,600) for marketing and public relations services to a social media company (Filtrd) in which a related party (William Giles) of Dr Christopher Giles has an interest. The balance outstanding included in trade and other payables is $2,000 (2020: $11,000);
- $Nil (2020: $2,565) for legal services provided by a company (Arion Legal) that is a related party of Mr Mark Stewart (who ceased to be a Havilah Director on 9 October 2019). The balance outstanding included in trade and other payables is $Nil (2020: $Nil); and
- $Nil (2020: $2,400) 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 (2020: $Nil).

(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 employees and Directors of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 25. Share-based Payments

The Plan (Performance Rights and Share Option Plan), approved by the Board of Directors during March 2019, 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 of Directors;
- the share options have various time and/or performance related vesting conditions;
- the share options expire at the earlier of either 3 or 4 years from the issue date or 1 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.

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 2021		Year ended 31 July 2020	
	Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
		$		**$**
Balance at beginning of financial year	17,319,258	0.26	17,319,258	0.26
Issued during financial year	4,400,000	0.25	-	-
Exercised during financial year	-	-	-	-
Expired during financial year	(600,000)	0.40	-	-
Forfeited during financial year	(862,384)	0.25	-	-
Balance at end of financial year	20,256,874	0.26	17,319,258	0.26
Exercisable at end of financial year	19,542,707	0.26	17,026,407	0.25

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

Grant date	Number	Grant date fair value	Exercise price per share option	Expiry date
1 November 2018 (Investec [1])	5,000,000	$0.06	$0.234	1 November 2021
12 December 2018 (Director [2])	2,400,000	$0.03	$0.36	12 December 2021
20 December 2018 (Investec [1])	2,500,000	$0.07	$0.22	20 December 2021
11 July 2019 (Employee [3])	2,950,646	$0.05	$0.22	11 July 2023
11 July 2019 (Employee [3])	3,006,228	$0.05	$0.28	11 July 2023
3 May 2021 (Employee [3])	3,733,333	$0.11	$0.25	30 April 2024
3 May 2021 (Employee [3])	333,334	$0.09	$0.25	30 April 2024
3 May 2021 (Employee [3])	333,333	$0.06	$0.25	30 April 2024
Total	20,256,874			

[1] Unlisted share options issued to Investec under a prior financial period funding agreement.
[2] Unlisted share options issued to a Director (Dr Christopher Giles).
[3] Unlisted share options issued to employees under the Company's Performance Rights and Share Option Plan.

The share options previously issued to Investec and a Director were issued pursuant to resolutions approved by shareholders at the 2018 Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 25. Share-based Payments *(continued)*

Share options outstanding at the end of the financial year had a weighted average exercise price of $0.26 (31 July 2020: $0.26), a range of exercise prices from $0.22 to $0.36 (31 July 2020: $0.22 to $0.40), with a weighted average remaining contractual life of 492 days (31 July 2020: 735 days).

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. During the financial year 4,400,000 share options were granted to employees under the Plan. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

Share-based payments expense is summarised as follows:

	Financial Year Ended	
	31 July 2021	**31 July 2020**
	$	**$**
Director share options	-	(36,804)
Employee share options	(381,135)	(167,058)
Investec	-	(117,939)
Total share-based payments expense	(381,135)	(321,801)

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 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.

Significant Accounting Estimates, Assumptions and Judgements: Share-based Payments
The share options issued by Havilah during the financial year were priced using a 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
3 May 2021	$0.21	$0.25	85.54%	3 years	-	1.64%

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.

Note 26. 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 AASB that are relevant to its operations and effective for the financial year. The Group has not elected to apply any new or revised Australian Accounting Standards before their operative dates during the financial year.

A number of other Australian Accounting Standards and Interpretations 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 prior financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 27. Parent Company Financial Information

	Parent Company	
	31 July 2021	**31 July 2020**
	$	**$**
Statement of Financial Position		
Current assets	4,220,786	1,734,923
Non-current assets	33,282,335	31,651,724
Total assets	37,503,121	33,386,647
Current liabilities	1,924,003	1,995,574
Non-current liabilities	53,456	63,869
Total liabilities	1,977,459	2,059,443
Net assets	**35,525,662**	**31,327,204**
Contributed equity	82,829,843	76,906,563
Share-based payments reserve	1,252,741	945,862
Accumulated losses	(48,556,922)	(46,525,221)
Total equity	**35,525,662**	**31,327,204**
Loss for financial year	(2,105,957)	(11,920,011)
Other comprehensive income	-	-
Total comprehensive loss	**(2,105,957)**	**(11,920,011)**

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 22(a).

(b) Guarantees
The circumstances around guarantees for the Parent Company are similar to that of the Group as disclosed in Note 23(a).

(c) Native Title
The circumstances around native title for the Parent Company are similar to that of the Group as disclosed in Note 23(a).

Note 28. Significant Matters Arising Subsequent to the End of the Financial Year

The Annual Report was authorised for issue by the Board of Directors on 25 October 2021. 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 29 to 58, 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 2021 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

25 October 2021

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Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

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 2021, 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 2021 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 (including Independence Standards)* (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 of $2,361,870 during the year ended 31 July 2021, and as of that date, the Group had net operating and investing cash outflows of $3,324,197. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

Grant Thornton

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
Exploration and evaluation assets – Note 10	
At 31 July 2021 the carrying value of exploration and evaluation assets was $37,346,924. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, 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. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – 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; – 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; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

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 annual report for the year ended 31 July 2021, 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 Company's/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 Company/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. 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 in the Directors' report for the year ended 31 July 2021.

In our opinion, the Remuneration Report of Havilah Resources Limited, for the year ended 31 July 2021 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 October 2021

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Securities Exchange Listing

The Company was admitted to the ASX official list and quotation of its ordinary shares commenced on 21 March 2002. The ASX issuer code is HAV.

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 2021.

Distribution of Shareholding: Ordinary Shares

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	256	69,512
1,001 to 5,000	1,041	3,328,296
5,001 to 10,000	627	4,877,103
10,001 to 100,000	1,387	49,573,846
100,001 to 1,000,000	287	74,252,407
More than 1,000,000	33	174,176,064
Total	3,631	306,277,228

There were 572 shareholders holding less than a marketable parcel of ordinary shares to the value of $500.

Twenty Largest Shareholders

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	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	24,230,960	7.91
2	FIRST NAMES (JERSEY) LIMITED	18,014,442	5.88
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,527,624	5.72
4	TRINDAL PTY LTD <THE WILPENA A/C>	17,457,718	5.70
5	TRINDAL PTY LTD	11,073,918	3.62
6	GLENCORE AUSTRALIA HOLDINGS PTY LTD	10,153,756	3.32
7	TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	9,804,834	3.20
8	MR PAUL CLARK	8,176,470	2.67
9	WOOLSTHORPE INVESTMENTS LIMITED	6,480,514	2.12
10	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	4,049,426	1.32
11	MISS KRYSTYNA HELENA KASPEROWICZ	3,701,470	1.21
12	ESTATE LATE BRIAN KENNETH MURPHY	3,687,554	1.20
13	TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	3,437,357	1.12
14	STATSMIN NOMINEES PTY LTD	3,401,102	1.11
15	CITICORP NOMINEES PTY LIMITED	3,069,645	1.00
16	HNC HOLDINGS PTY LTD	2,654,411	0.87
17	STATSMIN NOMINEES PTY LTD <STATSMIN SUPER FUND A/C>	2,647,272	0.86
18	CRAIG PARK PTY LTD	2,563,669	0.84
19	TALAGER PTY LTD	2,172,904	0.71
20	DIANNE PEARL INVESTMENTS PTY LTD <DIANNE PEARL FAMILY A/C>	1,935,851	0.63
Total		156,240,897	51.01

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	42,033,909	13.72
IQ EQ (Jersey) Limited (formerly, First Names (Jersey) Limited) as Trustee for The Ayscough Trust	40,467,686	13.21
Republic Investment Management Pte. Ltd.	15,898,489	5.19
Total	98,400,084	32.12

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	1	2,400,000
Employee share options	26	10,356,874
Investec	1	7,500,000
Total	28	20,256,874

Voting Rights

(a) Ordinary Shares, Fully Paid

Voting rights of shareholders are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held. The Constitution is available under the Corporate Governance tab on the Company's website.

(b) Unlisted Share Options

No voting rights.

Other Information

The register of securities is held at Computershare Investor Services Pty Limited Level 5, 115 Grenfell Street, Adelaide, South Australia 5000. Investor enquiries can be made via telephone on +61 8 8236 2300.

There is no current on-market buy-back.

TENEMENT SCHEDULE AS AT 31 JULY 2021

Location	Project Name	Tenement No	Tenement Name	Registered Owner [1]	% Interest	Status
South Australia	Curnamona	6591	Kalabity	Havilah	100	Current
South Australia	Curnamona	5703	Bundera	Copper Aura	100	Current
South Australia	Curnamona	6592	Mutooroo Mine	Copper Aura	100	Current
South Australia	Curnamona	6593	Mundi Mundi	Havilah	100	Current
South Australia	Curnamona	6594	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 [2]	Benagerie	Havilah	100	Current
South Australia	Curnamona	5882	Mutooroo(2)	Copper Aura	100	Current
South Australia	Curnamona	5891 [3]	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 [2]	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 [4]	Pernatty	Red Metal Limited	10	Current
South Australia	Curnamona	6041	Cutana	Iron Genesis	100	Current
South Australia	Curnamona	6054	Bindarrah	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	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 [5]	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	Curnamona	6546	Billeroo West	Havilah	100	Current
South Australia	Curnamona	6567	Rocky Dam	Havilah	100	Current
South Australia	Frome	GEL181	Frome	Geothermal	100	Current

TENEMENT SCHEDULE AS AT 31 JULY 2021 *(continued)*

Location	Project Name	Tenement No	Tenement Name	Registered Owner [1]	% 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 Schedule as at 31 July 2021

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 & Associates Pty Ltd, Adrian Mark Brewer

Note 2 - 1% NSR (Net Smelter Return) 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
$, AUD or cents	Units of Australian currency.
AEA	Amalgamated Expenditure Agreement.
ASX	ASX Limited ABN 98 008 624 691, trading as Australian Securities Exchange.
ATO	Australian Taxation Office.
CMC	Consolidated Mining & Civil Pty Ltd.
Company or Havilah	Havilah Resources Limited.
consolidated entity	The provisions of the *Corporations Act 2001* use the term 'consolidated entity', rather than 'Group'.
COVID-19	coronavirus disease 2019.
DEM	Department for Energy and Mining (the regulator in South Australia).
EL	Exploration Licence.
ESG	environmental, social and governance.
eU3O8	equivalent uranium oxide.
EV	electric vehicle.
Fe	iron.
financial year	the financial year ended 31 July 2021.
FVTPL	fair value through profit or loss.
GEL	Geothermal Exploration Licence.
Group	Havilah Resources Limited and its subsidiaries.
GST	Goods and Services Tax.
g/t	gram/tonne.
Investec	Investec Australia Finance Pty Limited.
JORC	Joint Ore Reserves Committee.
km, km^2	kilometres and square kilometres respectively.
koz, Moz	thousand troy ounces and million troy ounces respectively.
kt	thousand tonnes.
MC, ML, MPL	Mining Claim, Mining Lease and Miscellaneous Purposes Licence respectively.
MT	magnetotelluric.
Mt	million tonnes.
NAWNTAC	Ngadjuri Adnyamathanha Wilyakali Native Title Aboriginal Corporation.
NPV	Net Present Value. NPV is based on 100% equity, real (2019) terms and ungeared. The model is based on calendar years.
Parent Company	Havilah Resources Limited.
PEPR	Program for Environment Protection and Rehabilitation.
PFS	pre-feasibility study.
Plan	Performance Rights and Share Option Plan.
ppm	parts per million.
REE	rare earth elements.
SIMEC Mining	OneSteel Manufacturing Pty Limited (trading as SIMEC Mining).
t	tonnes.
US$ or USD	United States dollars.