



Havilah Resources Limited plans to sequentially develop its portfolio of gold, copper, iron, cobalt, tin and other mineral resources in South Australia. Our vision is to become a new mining force, delivering value to our shareholders, partners and the community.

171 million Ordinary Shares -- 33 million Listed Options -- 8 million Unlisted Options

ASX and Media Release: 23 January 2017

ASX Code: HAV



Drone View of Portia Open Pit

PORTIA GOLD MINE UPDATE

Highlights

- Approvals received for mining southern and northern extensions at Portia.
- Channel sampling of southern extension mineralisation in pit wall returns 56 m @ 7.1 g/t Au.
- Saprolite gold ore is being mined from the current pit floor to maintain continuous processing.
- Processing plant is being optimised to increase ore throughput.

Havilah Resources Limited ("Havilah" or "Company") is pleased to report that it has received approval from the Department of State Development (DSD) for mining the southern and northern extensions at Portia. This will allow the 120 metre southern cutback to immediately proceed in accordance with the MOU signed with our mining partner, Consolidated Mining and Civil Pty Ltd ("CMC"), and extend the Portia mine life by at least another twelve months (refer to ASX announcement 24 November 2016, available on the following link http://www.havilah-resources.com.au/wp-content/uploads/2016/11/161124_Portia-Gold-Mine-Extended.pdf) Havilah compiled the required documentation, which required a number of substantial consultant's reports, within 3 months. DSD handled the approval in a very prompt and efficient manner meaning that ore mining and processing will be able to continue without break.

In the meantime, Havilah has been conducting strategic drilling campaigns on the southern extension gold mineralisation and in the floor of the open pit when accessible. Conventional gold assay results in general have been encouraging from this drilling, with indications of gold mineralisation mostly where expected. Additionally, the new exposures of the saprolite bedrock gold mineralisation have been channel sampled in the southern wall of the open pit, and sampled by trenches in the pit floor, with similar encouragement.

Havilah is progressively washing all samples that show anomalous conventional gold assay results. The washed assay results are likely to be more reliable as they use a much larger sample size and the methodology applied provides limited opportunity for error, as explained in an earlier ASX announcement of 4 November 2016

http://www.havilah-resources.com.au/wp-content/uploads/2016/11/16110_Portia_Gold_Mine_Extension.pdf)

and in a Question and Answer video (<https://www.youtube.com/watch?v=PyFN1cq9T4A>).

To date complete publishable wash sample results are only to hand for the south pit wall channel sampling and show a wide zone of comparatively high grade gold mineralisation as follows : **56 m @ 7.1 g/t** (uncut). Conventional fire assays of the same zone are confirmatory, though of lower average grade : **56 m @ 4.4 g/t** (assay top cut 30g/t)

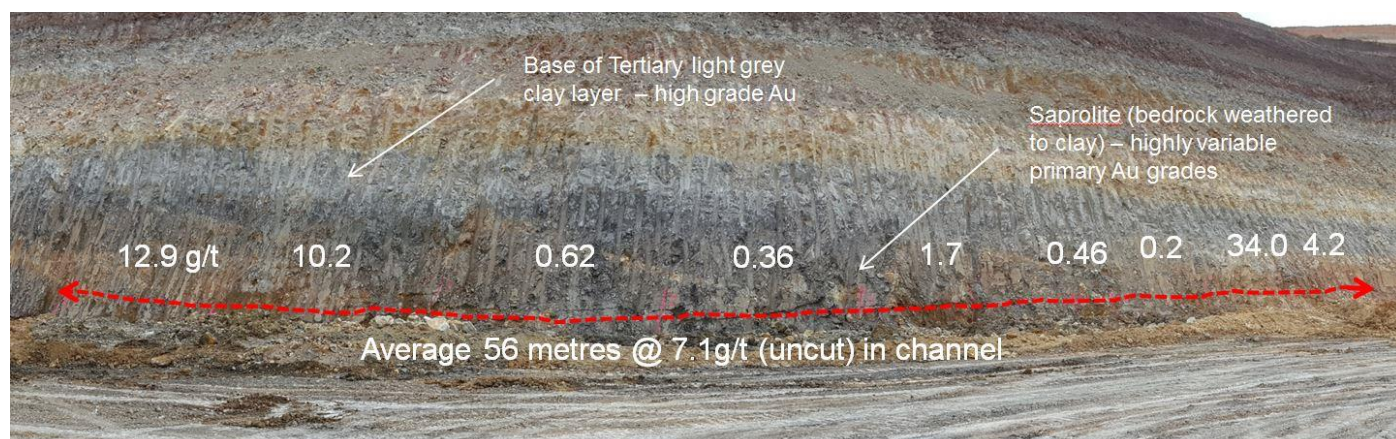
These results correlate with high grade gold intersections reported from adjacent drilling in the pit floor :

eg drillhole **PTAC 244 : 23 m of 6.8 g/t Au** (refer to ASX announcement of 4 November 2016,

http://www.havilah-resources.com.au/wp-content/uploads/2016/11/16110_Portia_Gold_Mine_Extension.pdf)

and in the southern extension mineralisation that extends behind the sampled south pit wall

eg drillhole **PTAC 232 : 30.5 m of 39.3 g/t Au** (refer to ASX announcement of 26 August 2016, http://h2016.havilah-resources.com.au/wp-content/uploads/2016/08/160826_More_High_Grade_Drilling_Results_From_Portia.pdf)



The dotted red line shows the position of the 56 m long channel cut into the south pit wall from which samples were taken every 6 m. The white numbers are the washed assay results in g/t for each 6 m sample interval, giving an average grade of 7.1 g/t Au over 56 m. The southern extension mineralisation lies immediately behind the pit wall.

It is evident from the photograph above that the individual 6 m sample assays show considerable variability and the typical patchy high grade gold mineralisation that is characteristic of the Portia deposit. Havilah's mining experience to date indicates that there is normally appreciable coarse gold in this type of saprolite material, which will be recovered in the gravity plant.

Havilah is still working to generate a complete set of washed assay results for pit floor drillholes and consequently no resource estimates are possible at this stage. However, based on conventional assay results and processing experience Havilah considers that economic grade saprolite gold mineralisation is likely to continue for at least another 20 m below the current pit floor. This saprolite material will continue to be mined when required to maintain ore stockpiles on the ROM pad and so maintain gold production until such times as additional new ore is accessible from the southern cutback.

Given that there is adequate medium grade saprolite material available, the current focus is on increasing ore throughput and gold production. The initial plant throughput target was 100 tonnes per hour, and this has been achieved with the trommel and log washer operating in combination according to the original design. While the log

washer is well suited to recovery of gold from clayey material, it has proven to be inefficient for recovery of coarse gold. The trommel on the other hand is well suited to disaggregating the coarse gold from the clayey saprolite host material, but operating on its own is unable to achieve the desired 100 tonnes per hour throughput. Accordingly, the decision was made by CMC and Havilah to acquire a second used trommel, which is now being rebuilt and customised to suit the Portia saprolite material in CMC's Broken Hill engineering workshop. This trommel is scheduled to be commissioned in mid-February and should allow the throughput target to be met. Other options to modify or replace the current trommel will then be considered to further boost saprolite ore throughput.

Havilah Managing Director, Dr Chris Giles, commented:

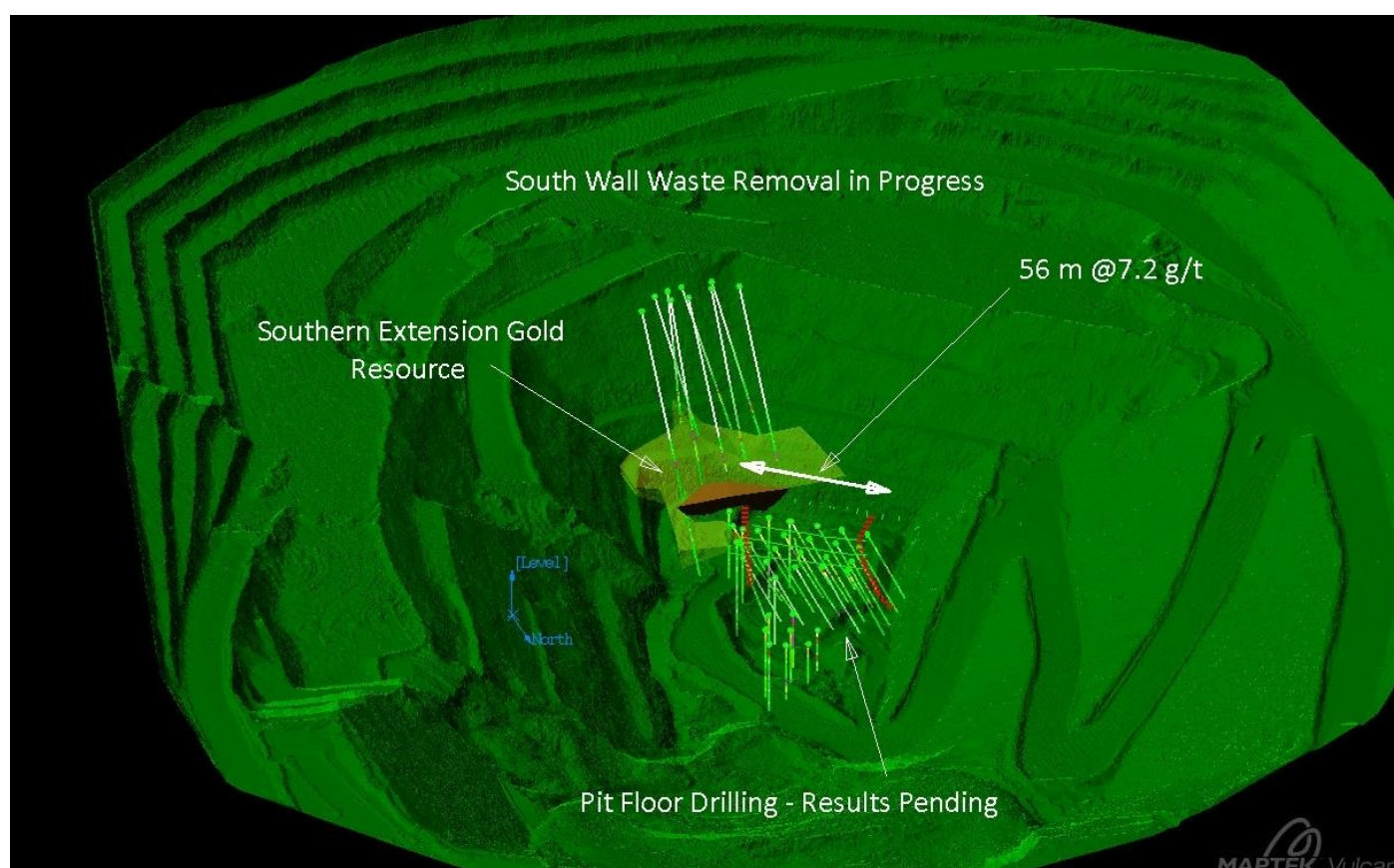
"Our first opportunity to channel sample the open pit south wall has returned some promising high gold grades over a considerable width, which confirms nearby high grade drilling results.

"Given that gold grades are quite variable, and we are dealing with often coarse nuggetty gold, caution is required in extrapolating these results without detailed and extensive sampling by drilling, trenching and channel sampling.

"However, our mining and processing experience to date, plus our drilling results from the southern extension, gives us no cause to doubt that these gold grades will ultimately be reflected in our gold recoveries.

"The good news is that we have sufficient saprolite gold ore ahead of us to mine and our processing plant is not likely to run short of ore in the foreseeable future.

"Our focus now is how to ramp up gold production and we are addressing this with the new trommel and various other improvements to the processing plant with CMC's assistance.



Laser scan image of the open pit looking southwards as of several days ago. The location of the channel sample in the south wall is shown (white double arrow) in relation to the current pit floor and the gold resource envelope for the southern extension gold mineralisation. Progress on removal of overburden for the southern extension cutback can be seen. Note that not all drillholes are shown for purposes of clarity

**Cautionary Statement**

This announcement contains certain statements which may constitute “forward-looking statements”. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

Competent Persons Statement

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on data and information compiled by geologist, Dr Chris Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr. Giles is Managing Director of the Company and is employed by the Company on a consulting contract. Dr. Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken 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 the announcement of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

For further information visit www.havilah-resources.com.au

Contact: Dr Chris Giles, Managing Director, on (08) 8338-9292 or email: info@havilah-resources.com.au

JORC Code, 2012 Edition – “Table 1”

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Continuous channel samples taken from saprolite exposures in open pit wall. The material is quite soft and the channel was cut by hand using a broad pick and a shovel blade was used for collection and transfer to a plastic bag. The sampling was carried out by an experienced geologist who has undertaken tens of kilometres of similar channel sampling at many locations in the world. 6 metre intervals were measured out and care was taken to ensure that there was no bias in sample quantities collected over the sampled intervals. Two separate channel samples were collected. The first was a smaller quantity of approximately 3 kg for conventional fire assay at ALS laboratory. The second was a larger sample of approximately 13 kg for washing in Havilah’s on site processing facility. Collection of two samples was considered more reliable than attempting to split a single sample owing to the coarse size. Assaying details are provided below.
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> Not applicable as channel samples
Drill sample recovery	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>Whether a relationship exists between</i> 	<ul style="list-style-type: none"> Not applicable as channel sample



Criteria	JORC Code explanation	Commentary
	<i>sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Qualitative logging of the lithologies and abundance of veining and alteration in the channel was carried out. A photographic record made. • Total length of channel logged and sampled was over 100m
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • No sub-sampling undertaken. Samples as collected were directly processed for assay. • Large sampling size is considered to be adequate for washing method, but the 50 gram charge used for the conventional fire assay method is considered inadequate, which is why these assay results are not quoted, except in combination with the washed results. • Using two assaying methods plus visual gold observation for the washed concentrates provides a measure quality control and internal checking. • See above for comments on representivity of the samples collected.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of</i> 	<ul style="list-style-type: none"> • All conventional fire assay samples are prepared at ALS Global laboratory in Adelaide and assayed interstate. The total assay methods are standard ALS procedure and are considered appropriate. • At ALS assay lab the samples are crushed in a jaw crusher to a nominal 6mm (method CRU-21) from which a 3 kg split is obtained using a riffle splitter. The split is pulverized in an LM5 to 85% passing 75 microns (method PUL-23). These pulps are stored in paper bags. • All samples are then analysed for a 33 element package using ALS's ME-ICP61



Criteria	JORC Code explanation	Commentary
	<i>bias) and precision have been established.</i>	<p>suite, whereby samples undergo a 4 acid digest and analysis by ICP-atomic emission spectrometry and ICP mass spectrometry. Over limit Cu, Pb and Zn are re-assayed using ME-OG62.</p> <ul style="list-style-type: none"> Gold is analysed by 50g fire assay, with atomic absorption spectrometry finish using ALS method Au-AA26 For the washed samples Havilah produces a concentrate of several grams by gemini tabling and panning. Qualitative visual observations are recorded of the quantity and nature of gold in the concentrate. This concentrate is sent to ALS Townsville laboratory for fire assay. Havilah calculates the original sample gold grade by dividing by the weight concentration factor obtained by dividing the fire assay gold prill weight by the original drill sample weight.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Rigorous internal QC procedures were followed to check all assay results. No adjustments to assay data are carried out. Two assaying methods from two separate channel samples gave generally comparable average results.
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Not strictly applicable as open pit channel samples. Channel samples accurately located by laser scan surveys and DGPS measurements.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Channel samples were collected from nominally 6 metre intervals along a continuous 100m long face in open pit wall.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The channel samples were collected from the southern wall of the open pit in order to check gold grades in the southern extension mineralisation that was earlier identified by drilling.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The channel samples are immediately stored in plastic bags (for the larger washed assay sample) and calico bags for the lab samples. The 3 kg conventional assay samples in calico bags were placed in polyweave bags which were then sealed with cable ties. The samples were transported to the assay laboratory by trustworthy Havilah personnel The washed samples were treated on site by Havilah and the concentrate sent to the lab in small sealed glass vials. The assay results accord quite closely with the qualitative observations of visual gold in the panned concentrate samples, indicating internal consistency. There is minimal opportunity for systematic tampering. This is considered to be a secure and reasonable procedure and there is no evidence of any systematic sample tampering.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> The sampling and assaying methodology follows practices formulated over many years and proven to be applicable.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and 	<ul style="list-style-type: none"> Granted Mining Lease no 6346 over the Portia gold mine.



Criteria	JORC Code explanation	Commentary
	<p><i>environmental settings.</i></p> <ul style="list-style-type: none"> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Pasminco-Werrie Gold JV in the 1990s.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> Stratiform replacement / vein style gold mineralisation within Willyama Supergroup rocks of the Curnamona Craton
Drill hole Information	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> Generally not applicable. The channel sampling relates to an active open pit and the results are mainly used for grade control mining guidance only. The channel sampling position is accurately located on mine plans and laser scan surveys, but this has little relevance, except in a general sense to the announcement. The laser scan view of the open pit showing the location of the channel sampling is considered adequate for the present reporting purposes.
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Since the samples were taken from equal length intervals no weighting was applied and a simple average grade calculated for the interval. No high grade cut-off was applied to the washed results because only one sample was above 30g/t (ie 34g/t). A high grade cut-off of 30g/t was applied to the conventional assay results because of one very high grade result no doubt caused by a gold nugget



Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • The intervals sampled are true widths and relate directly to mined ore zones in the open pit.
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • A laser scan image of the open pit showing the location of the channel sampling is provided, as well as a photograph showing individual assay results.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • Only the meaningful potentially economic grade interval is published. • This is because Havilah is only interested in highlighting to its shareholders areas of potentially interesting mineralisation in the open pit that it is likely to mine.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • Adjacent drillhole results provide supporting evidence.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this</i> • <i>information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • The announcement details sampling results with reference to a photograph of the open pit wall.