

2 December 2020

SPP CLOSURE AND ACTIVITIES UPDATE

KEY POINTS

- Havilah's Share Purchase Plan (SPP) to close on 4 December 2020.
- High priority work continues on the West Kalkaroo gold starter open pit permitting and feasibility study by Havilah's technical personnel and consultants.
- Drilling has moved to the Croziers prospect to follow up earlier discovered potentially economic copper, tungsten and rare earth (REE) mineralisation.
- Long-term consensus copper metal price of USD3.16/lb, while the spot copper price is just under USD3.50/lb, which is positive for the potential development of Havilah's large copper JORC Mineral Resources.

Share Purchase Plan (SPP)

Havilah Resources Limited (**Havilah** or **Company**) SPP will be closing on Friday 4 December 2020 at 5.00pm (AEDT). The Board encourages 'eligible shareholders' to avail themselves of the opportunity to participate in the SPP, in order to assist the Company to implement work programs that will help it to realise the full potential value of its projects for the benefit of all shareholders going forward. The SPP price of \$0.17 is a 19% discount to the last closing price (\$0.21) of Havilah shares prior to announcement of the Placement and SPP offer ([refer to ASX announcement 19 November 2020](#)).

West Kalkaroo Feasibility Study Priority

Havilah's Adelaide-based technical personnel with the assistance of several expert consultants are continuing to work diligently on the West Kalkaroo gold starter open pit approvals and economic models as **Havilah's first and highest priority**. Mincore Pty Ltd has delivered its processing plant design study with capex and opex estimates and the results have been incorporated into a preliminary financial model. It is anticipated that relevant documentation and the financial model should be substantially completed by month end.

Drilling at Croziers Copper-Tungsten-REE Prospect

A short exploration drilling campaign will commence at the Croziers prospect later this week targeting copper, tungsten and REE mineralisation. Earlier drillholes discovered potentially economic grades of these minerals as replacement mineralisation in an upper hangingwall position ([refer to ASX announcement 18 April 2017](#)). The current target is the regional stratabound prospective horizon which, if it exists at this location, would be expected to lie 100-150 metres below the mineralised hangingwall horizon (Figure 1). The presence of this high temperature replacement mineralisation (referred to as 'skarn') in proximity to a major granite contact is a favourable ore-forming geological setting.

This drilling is being supported by an ADI (Accelerated Discovery Initiative) grant, a major objective of which is to obtain bulk drill samples to allow study of the mineralogical and metallurgical recovery parameters for REE at Croziers in a research collaboration with the University of South Australia ([refer to ASX announcement 1 June 2020](#)). Anomalously high levels of REE were previously noted in assays from Croziers ([refer to ASX announcement 7 January 2020](#)).

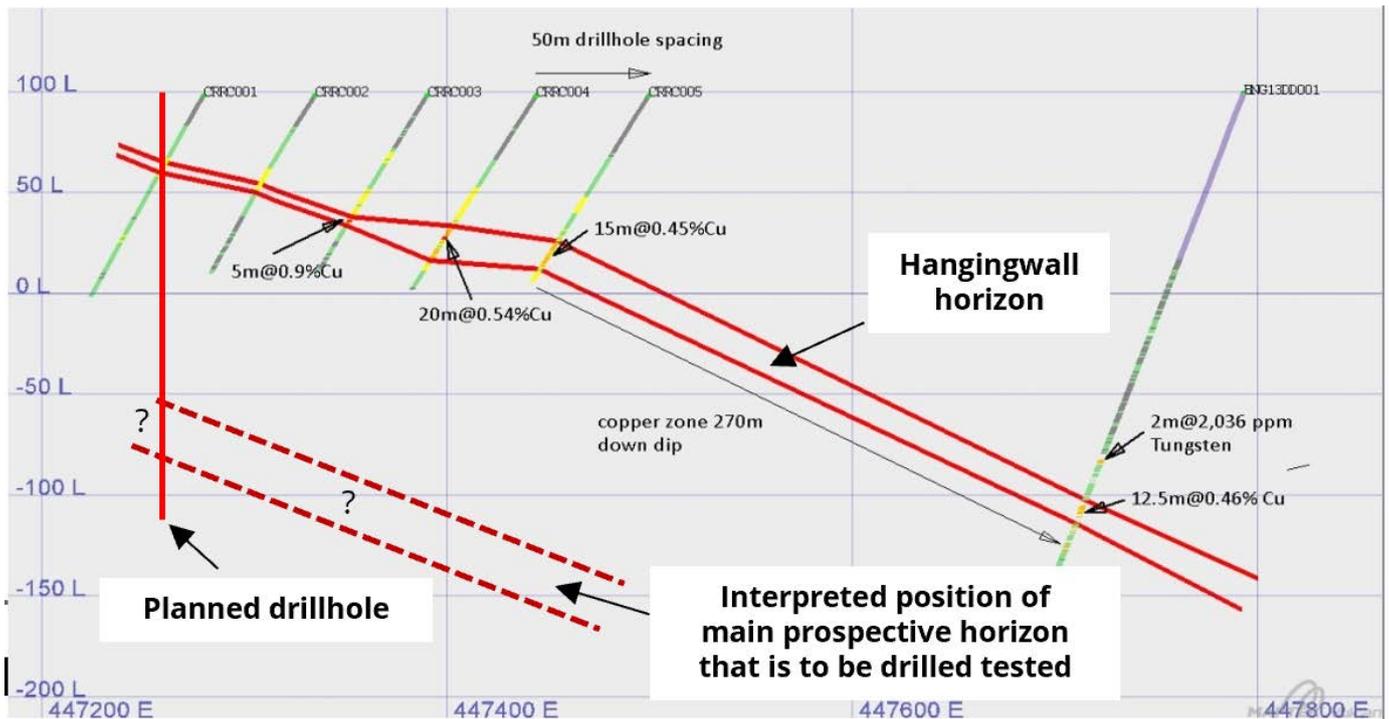


Figure 1 The primary drilling target is the interpreted up-dip, near surface projection of the regional stratabound prospective horizon at Croziers. If it exists at this location, it would be expected to lie 100-150 metres stratigraphically below the mineralised hangingwall horizon. This regional prospective horizon is of particular interest because it is the main host to copper-gold mineralisation throughout the Curnamona Craton, including the substantial Kalkaroo and North Portia copper-gold deposits.

Adjustment to Long-term Copper Metal Price

The spot copper price has had a remarkable rise of over 50% since April 2020. This has resulted in an upward adjustment to the long-term consensus copper price to USD3.16/lb (Source: Consensus Economics Inc). The Kalkaroo project pre-feasibility study (PFS) results released almost 18 months ago showed an estimated pre-tax NPV_{7.5%} of AUD564 million and IRR of 26% at USD2.89/lb copper, USD1,200/oz gold, AUD:USD0.75 ([refer to ASX announcement 18 June 2019](#)). At the time it was noted that the Kalkaroo project net present value (NPV) was highly sensitive to copper and gold metal 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, which shows a revised pre-tax NPV_{7.5%} for Kalkaroo of **AUD903 million** using current long-term price forecasts for copper and gold.

As stated in their letter to shareholders on page 4 of the [2020 Annual Report](#), the Board:

“Continues to believe that in spite of the present world upheavals and economic uncertainty, we are likely heading into a favourable commodities cycle, especially for copper with its many uses and constrained production upside capacity. Havilah continues to be ideally leveraged to benefit from this potential up-cycle with its large JORC Mineral Resources and its two advanced copper mineral projects, with substantial gold and cobalt resources, along with its large and highly prospective exploration acreage.”

Table 1 Pre-tax NPV_{7.5%} value matrix in AUD million for variable USD copper and gold metal prices.

Gold price USD/oz and AUD/oz (at AUD:USD exchange rate of 0.75)															
Copper price USD/lb & AUD/lb	USD		\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000	\$2,100	\$2,200
	AUD	\$1,333	\$1,467	\$1,600	\$1,733	\$1,867	\$2,000	\$2,133	\$2,267	\$2,400	\$2,533	\$2,667	\$2,800	\$2,933	
	2.50	3.33	\$171	\$239	\$308	\$376	\$445	\$514	\$582	\$651	\$719	\$788	\$857	\$925	\$994
	2.70	3.60	\$301	\$369	\$438	\$506	\$575	\$643	\$712	\$781	\$849	\$918	\$986	\$1055	\$1124
	2.89	3.85	\$427	\$496	\$564*	\$633	\$701	\$770	\$839	\$907	\$976	\$1044	\$1113	\$1182	\$1250
	3.10	4.13	\$560	\$629	\$698	\$766	\$835	\$903*	\$972	\$1040	\$1109	\$1178	\$1246	\$1315	\$1383
	3.30	4.40	\$690	\$759	\$827	\$896	\$965	\$1033	\$1102	\$1170	\$1239	\$1308	\$1376	\$1445	\$1513
	3.50	4.67	\$820	\$889	\$957	\$1026	\$1094	\$1163	\$1232	\$1300	\$1369*	\$1437	\$1506	\$1575	\$1643
	3.70	4.93	\$950	\$1019	\$1087	\$1156	\$1224	\$1293	\$1362	\$1430	\$1499	\$1567	\$1636	\$1705	\$1773
	3.90	5.20	\$1080	\$1149	\$1217	\$1286	\$1354	\$1423	\$1491	\$1560	\$1629	\$1697	\$1766	\$1834	\$1903
4.10	5.47	\$1210	\$1278	\$1347	\$1416	\$1484	\$1553	\$1621	\$1690	\$1759	\$1827	\$1896	\$1964	\$2033	

* NPV_{7.5%} from Kalkaroo project PFS (green) compared with that at current long-term forecast (orange) and recent spot gold and copper metal prices (yellow), 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.

This release has been authorised on behalf of the Havilah Resources Limited Board by Mr Simon Gray.

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

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