

Notice of Annual General Meeting and Explanatory Memorandum

Havilah Resources Limited

ABN 39 077 435 520

Date of Meeting: Wednesday 12 December 2018

Time of Meeting: 10:00am (Adelaide time)

Place of Meeting: 'The Auditorium'
The Science Exchange
55 Exchange Place
Adelaide SA 5000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Shareholders of Havilah Resources Limited ABN 39 077 435 520 (**Company**) will be held at the 'The Auditorium', The Science Exchange, 55 Exchange Place, Adelaide SA 5000, on Wednesday 12 December 2018 at 10:00am (Adelaide time).

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes the business to be considered at this Meeting.

Terms used in this Notice of Meeting will, unless the context otherwise requires, have the same meaning given to them in the Explanatory Memorandum.

Agenda

Financial Report

To receive and consider the Company's financial statements for the financial year ended 31 July 2018 together with the Directors' Report and the Auditors' Report.

1. Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an **Ordinary Resolution**:

"That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 31 July 2018 (as set out on pages 60 to 69 of the Directors' Report) be adopted."

The Company's Annual Report 2018, which contains the Remuneration Report, is available on the Company's website at www.havilah-resources.com.au. The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the KMP whose remuneration details are included in the Remuneration Report; and
- (b) a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- (d) the vote is cast by the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

2. Resolution 2: Approval of issue of unlisted Options to Dr Chris Giles

To consider and, if thought fit to pass the following resolution, with or without modification as an **Ordinary Resolution** of the Company:

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 2,400,000 unlisted Options to Dr Chris Giles (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

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Voting Restriction: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Dr Chris Giles (or his nominee); and
- (b) any associate of Dr Chris Giles (or his nominee).

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on Resolution 2 if:

- (a) the person is either:
 - (i) a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- (c) the person is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

3. Resolution 3: Ratification of prior issue of unlisted Options to Mr Mark Stewart

To consider and, if thought fit to pass the following resolution, with or without modification as an **Ordinary Resolution** of the Company:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 600,000 unlisted Options to Mr Mark Stewart (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Restriction: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Mark Stewart (or his nominee); and
- (b) any associate of Mr Mark Stewart (or his nominee).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the person is either:
 - (i) a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- (c) the person is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

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4. Resolution 4: Approval of Performance Rights and Share Option Plan

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

'That for the purposes of ASX Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the Performance Rights and Share Option Plan and the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Memorandum.'

The Company's Performance Rights and Share Option Plan, is available on the Company's website at www.havilah-resources.com.au.

Voting Restriction: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) the Directors of the Company (except those who are ineligible to participate in any employee incentive scheme); or
- (b) any associates of those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the person is either:
 - (i) a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- (c) the person is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

5. Resolution 5: Ratification of prior issue of unlisted Options to Investec

To consider and, if thought fit to pass the following resolution, with or without modification as an **Ordinary Resolution** of the Company:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 unlisted Options to Investec Australia Finance Pty Ltd (or nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Restriction: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who participated in the issue; and
- (b) any associate of that person.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

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6. Resolution 6: Approval of issue of unlisted Options to Investec

To consider and, if thought fit to pass the following resolution, with or without modification as an **Ordinary Resolution** of the Company:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 5,000,000 unlisted Options to Investec Australia Finance Pty Ltd (or nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Restriction: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) any person who may participate in the issue or a person who might obtain a benefit (except a benefit solely in their capacity as a holder of Shares) if this Resolution is passed; and
- (b) any associate of those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7: Approval to issue an additional 10% of the issued capital of the Company over a 12 Month Period pursuant to ASX Listing Rule 7.1A

To consider and, if thought fit, pass the following as a **Special Resolution** of the Company:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Voting Restriction: The Company will disregard any votes cast in favour of this Special Resolution by or on behalf of:

- (a) any person who may participate in the issue of the Equity Securities or who might obtain a material benefit (except a benefit solely in their capacity as a holder of Shares) if Resolution 7 is passed; and
- (b) any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8: Re-election of Dr Chris Giles as an Executive Director

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution** of the Company:

“That Dr Chris Giles, who retires in accordance with clause 40.2 of the Company’s Constitution and being eligible and having offered himself for re-election, be re-elected as an executive director of the Company.”

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9. Resolution 9: Election of Mr Mark Stewart as a Non-executive Director

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution** of the Company:

“That Mr Mark Stewart, having been appointed a director of the Company on 12 December 2017, who retires in accordance with clause 40.1 of the Company’s Constitution and being eligible and offered himself for election, be elected as a non-executive director of the Company.”

General business

To consider any other business that may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board



Claire Redman
Company Secretary
9 November 2018.

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders to explain the business to be conducted at the Annual General Meeting of the Company to be held at 'The Auditorium', The Science Exchange, 55 Exchange Place, Adelaide SA 5000, on Wednesday 12 December 2018 at 10:00am (Adelaide time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms not defined in this Explanatory Memorandum are defined in Section 12.

2. Presentation of the Company's Financial Report

As required by section 317 of the Corporations Act, the Financial Report and the reports of the Directors and the Auditor which are incorporated in the Company's Annual Report for the financial year ended 31 July 2018 will be laid before the Meeting.

The Company's Annual Report for 2018 is available on the Company's website at www.havilah-resources.com.au.

The reports will be placed before the Shareholders for review and discussion and the Company's auditor will be present to answer questions. No voting is required for this item.

3. Resolution 1 – Remuneration Report

In accordance with section 250R of the Corporations Act, the Remuneration Report for the Company and its subsidiaries will be submitted to the AGM for Shareholder approval. The Remuneration Report is set out on pages 60 to 69 of the Directors' Report section of the Annual Report.

The vote on this Resolution is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors must go up for re-election.

The Remuneration Report, amongst other things:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

The Company will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

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4. Resolution 2: Approval of issue of unlisted Options to Dr Chris Giles

Background

The Company is seeking shareholder approval of the issue of 2,400,000 unlisted Options to Dr Chris Giles (or nominee) as part of his agreed new remuneration package (**Incentive Options**).

The Company is a relatively small listed mineral exploration company that is aiming to create shareholder value by developing its most advanced projects, namely Kalkaroo and Mutooroo in accordance with the *Copper Strategy - Enhanced by Cobalt* and to make material new discoveries.

In the case of Dr Giles, it is considered especially important that his services are retained owing to his very significant exploration expertise and extensive knowledge of the Company's tenements and projects. It is a matter of record that he has been responsible for ground selection and overseeing the exploration programs that resulted in the delineation of Havilah's present large JORC mineral resources.

It should be noted that the Incentive Options will replace the 2,400,000 out of the money Options that will likely expire without being exercised on 15 December 2018, notwithstanding that the option exercise hurdles set at the time of issue were all met. It is further noted that Dr Giles' consulting fees are quite modest by comparison with his peers, and under these circumstances it is considered appropriate for the Company to issue options to him, which may only be exercised if certain newly defined hurdles are reached as summarised below.

For all of the Incentive Options to be issued to Dr Chris Giles, they will only be able to be exercised:

- during a Bid Period;
- at any time after a Change of Control Event has occurred;
- if, on an application under section 411 of the Corporations Act, a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company;
- if the Company secures funding via joint venture with a third party or by other means, for the development of one its projects;
- if the Company sells a mineral project of the Company or an interest therein to a third party (other than a related body corporate or related entity of the Company) for a gross consideration valued at more than \$10 million; or
- if the Company makes a new discovery or expands an existing discovery, which is defined as at least five holes with potential ore grade intersections (each of the foregoing being herein referred to as an **Exercise Condition**).

After seeking advice from a remuneration consultant, the Board considered it appropriate to issue reward and incentive Options to Dr Giles in order to retain his services and to provide a reward for past efforts and success and to create an incentive linked to the performance of the Company.

Listing Rule 10.11 & Chapter 2E of the Corporations Act

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

Dr Giles is a related party of the Company by virtue of being a Director of the Company. As the issue of the Incentive Options is the issue of securities to a related party of the Company, shareholder approval is required unless an exception applies. It is the view of the Board that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

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If approval to grant these Options is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. The Options must be issued within one month of this meeting, as per Listing Rule 10.13.3.

For the purposes of Listing Rule 10.13, the Company provides the following information:

- (a) the Incentive Options will be issued to Dr Chris Giles (or his nominee);
- (b) the maximum number of Incentive Options to be issued is 2,400,000;
- (c) the Director Options will be issued for nil consideration as part of Dr Giles' remuneration with an exercise price of \$0.36 each and an expiry date of 12 December 2021 and were otherwise issued on the terms set out in Schedule 1;
- (d) the Incentive Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is expected that the issue of the Incentive Options will occur on the same date;
- (e) the issue price of the Incentive Options will be nil consideration as they will be issued as part of Dr Giles' remuneration;
- (f) the Incentive Options will be issued on the terms and conditions set out in Schedule 1;
- (g) the Incentive Options will be issued for nil consideration and therefore no funds will be raised; and
- (h) a voting exclusion statement is included in the Notice.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Incentive Options constitutes giving a financial benefit and Dr Giles is a related party of the Company by virtue of being a Director. The Directors (other than Dr Giles who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Incentive Options because the agreement to grant the Incentive Options is considered reasonable remuneration in the circumstances which had been negotiated on arm's length terms.

Recommendation

The Directors (with Dr Giles abstaining) recommend that you vote in favour of Resolution 2.

5. Resolution 3: Ratification of prior issue of unlisted options to Mr Mark Stewart

Background

On 12 December 2017, the Company appointed Mr Mark Stewart to the Board and issued 600,000 unlisted Options to Mr Stewart (or nominee) as part of his agreed remuneration (**Director Options**).

Shareholder approval under Listing Rule 10.11 was not required for the issue of the Director Options as Listing Rule 10.12 exception 6 applied.

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Listing Rule 7.4 & Chapter 2E of the Corporations Act

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the issued share capital at the commencement of that 12 month period. Equity Securities issued with shareholder approval under Listing Rule 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

Listing Rule 7.4 provides that an issue of Equity Securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1. Accordingly, by Resolution 3 the Company seeks to obtain Shareholder approval for the purposes of Listing Rule 7.4 to ratify the issue of the Director Options. The effect of Resolution 3 will be to allow the Company to exclude the issue of the Director Options from the 15% limit under Listing Rule 7.1 and the 10% limit under Listing Rule 7.1A.

For the purposes of Listing Rule 7.5, the Company provides the following information:

- (a) the total number of Director Options issued was 600,000;
- (b) the Director Options were issued for nil consideration as part of Mr Stewart's remuneration with an exercise price of \$0.40 each and an expiry date of 12 December 2020 and were otherwise issued on the terms set out in Schedule 2;
- (c) the Director Options, upon exercise, will rank equally in all respects with the Company's existing Shares on issue;
- (d) the Director Options were issued to Mr Mark Stewart (or his nominee);
- (e) the Director Options were issued for nil consideration and therefore no funds were raised as a result of the issue; and
- (f) a voting exclusion statement is included in the Notice.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Director Options constitutes giving a financial benefit and Mr Stewart is a related party of the Company by virtue of section 228(6) of the Corporations Act and the Company having reasonable grounds to believe that Mr Stewart will become a Director of the Company. The Directors considered that Shareholder approval pursuant to Chapter 2E of the Corporations Act was not required in respect of the grant of the Director Options because the agreement to grant the Director Options was considered reasonable remuneration in the circumstances which had been negotiated on arm's length terms.

Recommendation

The Directors (with Mr Stewart abstaining) recommend that you vote in favour of Resolution 3.

Explanatory Memorandum

6. Resolution 4: Approval of Performance Rights and Share Option Plan

Background

Resolution 4 seeks Shareholder approval, pursuant to Listing Rule 7.2, Exception 9, to approve Havilah's Performance Rights and Share Option Plan ('**Plan**') and to enable the securities granted under the Plan, and Shares issued upon the vesting or exercise of such securities, to be exempted from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1.

A summary of the Plan, to be approved pursuant to this Resolution 4, is set out in Schedule 3.

The Plan is intended to assist the Company to attract and retain key executives and employees. The Board believes the Plan will achieve the following key objectives:

- (a) provide incentives to key executives and employees by enabling them to participate in the profits and financial performance of the Company;
- (b) attract, motivate and retain key executives and employees; and
- (c) align the interests of key executives and employees more closely with Shareholders in the Company and provide greater incentive to focus on longer-term goals of the Company.

Listing Rule 7.2

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at that commencement of that 12 month period.

Listing Rule 7.2, Exception 9 operates as one of the exceptions to Listing Rule 7.1. The effect of shareholder approval under Listing Rule 7.2, Exception 9 is that any issues of securities under the Plan are treated as having been made with approval of shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, Exception 9 will be effective for a period of three years.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the Company provides the following information:

- (a) a summary of the material terms of the Plan is set out in Schedule 3;
- (b) as the Plan is being approved for the first time, no securities have been issued under it; and
- (c) a voting exclusion statement has been included in the Notice for the purposes of Resolution 4.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

7. Resolution 5: Ratification of prior issue of unlisted Options to Investec

Background

As announced on 26 October 2018, the Company entered into a \$6 million standby debt facility with Investec (**Investec Facility**) pursuant to which the Company agreed to potentially issue up to 10 million three-year unlisted Options to Investec subject to the utilisation of that facility. On 1 November 2018 and upon signing the commitment letter confirming Investec's commitment to arrange and procure the Investec Facility, the Company issued 5,000,000 unlisted Options to Investec (**Tranche One Options**).

The Company may issue up to a further 5,000,000 unlisted Options to Investec subject to any further drawing down of the Investec Facility by the Company (**Further Tranche Options**). The approval of the remaining Further Tranche Options is the subject of Resolution 6.

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The Tranche One Options were issued within the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the issued share capital at the commencement of that 12 month period. Equity Securities issued with shareholder approval under Listing Rule 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

Listing Rule 7.4 provides that an issue of Equity Securities made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1. Accordingly, by Resolution 5 the Company seeks to obtain Shareholder approval for the purposes of Listing Rule 7.4 to ratify the issue of the Tranche One Options. The effect of Resolution 5 will be to allow the Company to exclude the issue of the Tranche One Options from the 15% limit under Listing Rule 7.1 and the 10% limit under Listing Rule 7.1A.

For the purposes of Listing Rule 7.5, the Company provides the following information:

- (a) the total number of Tranche One Options issued was 5,000,000;
- (b) the terms of the Tranche One Options are set out in Schedule 4;
- (c) the Tranche One Options, upon exercise, will rank equally in all respects with the Company's existing Shares on issue;
- (d) the Tranche One Options were issued to Investec (or its nominee);
- (e) the Tranche One Options were issued for nil consideration and therefore no funds were raised as a result of the issue; and
- (f) a voting exclusion statement is included in the Notice.

Recommendation

The Directors recommend that you vote in favour of Resolution 5.

8. Resolution 6: Approval of issue of unlisted Options to Investec

Background

The Company is seeking approval of the issue of the Further Tranche Options to Investec in the event that it elects to further draw down on the Investec Facility. As at the date of this Notice, the Company has not made any decision in this regard, however, the Board wishes to seek approval under Listing Rule 7.1 in the event that such an election takes place triggering a requirement to issue all or further portions of the Further Tranche Options (subject to the extent of the draw down).

Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of its issued share capital at the commencement of that 12 month period. Equity Securities issued with shareholder approval under Listing Rules 7.1 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

In accordance with Listing Rule 7.1, shareholder approval is sought to issue the Further Tranche Options in the event that the Company elects to draw down on the Investec Facility triggering a requirement to issue all or further portions of the Further Tranche Options. The effect of

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Resolution 6 will be to allow the Company to issue the Further Tranche Options during the 3-month period after the Meeting, without using the Company's 15% annual placement capacity, pursuant to Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the Company provides the following information:

- (a) the maximum number of Further Tranche Options to be issued is 5,000,000;
- (b) the Further Tranche Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the issue price of the Further Tranche Options will be nil consideration as they will be issued as part of any draw down on the Investec Facility;
- (d) the Further Tranche Options will be issued to Investec (or nominee);
- (e) the terms of the Further Tranche Options are set out in Schedule 4;
- (f) no funds will be raised from the issue as the Further Tranche Options are being issued for nil cash consideration; and
- (g) a voting exclusion statement is included in the Notice.

Recommendation

The Directors recommend that you vote in favour of Resolution 6.

9. Resolution 7 - Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Introduction

Pursuant to Resolution 7, the Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12 month period, pursuant to Listing Rule 7.1A. If passed, this resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 ('**Placement Securities**'), each at an issue price of at least 75% of the volume weighted average price ('**VWAP**') for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or, if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) ('**Issue Price**').

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting ('**Additional 10% Placement**'). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the costs of such placement, the continued implementation of the Company's *Copper Strategy - Enhanced by Cobalt*, continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

Listing Rule 7.1A

a) General

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(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index ('Eligible Entity').

For illustrative purposes only, on 26 October 2018, the Company's market capitalisation was \$40.4 million based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained shareholders' approval pursuant to this Resolution 9, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Shareholder approval

The ability to issue the Placement Securities is conditional upon the Company obtaining shareholder approval by way of a Special Resolution at the meeting (which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution).

b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 7 is passed, shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire on 12 December 2019, unless shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

c) Calculation for Additional 10% Placement - Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue, or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

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- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities issued, or agreed to be issued, under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

d) Listing Rule 7.1A.3

(1) Equity Securities

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Meeting, the Company has 218,249,052 quoted Shares and 13,606,867 quoted Options on issue.

(2) Minimum Issue Price

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

e) Information to be given to ASX - Listing Rule 7.1A.4

If Resolution 7 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of ordinary securities caused by the issue;
 - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and

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(D) any other fees or costs incurred in connection with the issue.

f) Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 218,249,052 Shares and 13,606,867 Options. Assuming that Resolution 7 is passed, the Company will have the capacity to issue the following on the date of the Meeting:

- (1) 32,737,357 Equity Securities under Listing Rule 7.1; and
- (2) subject to shareholder approval being obtained under Resolution 7– additional 21,824,905 shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

Specific Information required by Listing Rule 7.3A

a) Minimum Price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1

Pursuant to, and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The minimum price cannot be determined at this stage, however the Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

b) Risk of economic and voting dilution - Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 7 is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing shareholders. The Company currently has on issue 218,249,052 Shares and 13,606,867 Options. Assuming that Resolution 7 is passed, the Company could issue 21,824,905 Shares on the date of the meeting pursuant to Listing Rule 7.1A (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing shareholders.

In particular, in relation to the issue of any Placement Securities, there is a risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- decreased by 50%; and

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- increased by 100%.

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Table 1

Issued Share Capital (Variable A)	50% decrease in Market Price \$0.093		Current Market Price \$0.185		100% increase in Market Price \$0.37	
	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised
Present Issued Shares 218,249,052 (Variable A)	21,824,905	\$2,029,716	21,824,905	\$4,037,607	21,824,905	\$8,075,215
50% Increase in Shares 327,373,578 (Variable A)	32,737,357	\$3,044,574	32,737,357	\$6,056,411	32,737,357	\$12,112,822
100% Increase in Shares 436,498,104 (Variable A)	43,649,810	\$4,059,432	43,649,810	\$8,075,214	43,649,810	\$16,150,430

Table 1 - Assumptions and explanations

- The Market Price is \$0.185 based on the closing price of the shares on ASX on 26 October 2018.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued) and not any shares issued under the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 26 October 2018.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

c) Final date for issue - Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 12 December 2019. The approval under Resolution 7 for the issue of the Placement Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

d) Purpose - Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued includes to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards cost of the placement, continued implementation of the Company's *Copper Strategy - Enhanced by Cobalt*, an acquisition of new assets or investments (including expenses and interest associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

e) Shares Issued for Non-cash consideration - Listing Rule 7.3A.4

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The Company may issue Placement Securities for non-cash consideration, such as the acquisition of assets or investments, payment of fees for the grant of options or the exercise of options over assets or investments or the payment of other expenses of the Company. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

f) Company's Allocation Policy - Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including, but not limited to, the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial shareholders and new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

g) Company has not previously obtained shareholder approval under Listing Rule 7.1A – Listing Rule 7.3A.6

Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Board Recommendation

The Directors of the Company unanimously recommend that shareholders vote in favour of Resolution 7.

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10. Resolution 8: Re-election of Dr Chris Giles as an Executive Director

Under clause 40.2 of the Company's Constitution, a Director must retire from office at the end of the third annual general meeting following the Director's last appointment or three (3) years, whichever is longer, but is eligible for re-election. The Managing Director is not subject to retirement by rotation and not taken into account in determining the rotation of retirement of Directors.

On 16 November 2017, Dr Chris Giles stepped down from the role of Managing Director but remained on the Board as an Executive Director. As Dr Giles no longer holds the position of Managing Director he retires in accordance with Rule 40.2 of the Company's Constitution and being eligible offers himself for re-election as a director of the Company. Details of his qualifications and experience are set out immediately below.

Dr Chris Giles

Dr Chris Giles is an experienced exploration geologist having worked on exploration teams that have been directly responsible for the discovery of several operating gold mines in various parts of the world, including Indonesia, East Africa and Australia. He has been jointly responsible for the formation of Havilah and the development and execution of the Company's exploration and corporate strategy. Dr Giles is a resident of Adelaide and a Member of the Australian Institute of Geoscientists.

Recommendation

The Directors (with Dr Giles abstaining) recommend that you vote in favour of Resolution 8.

11. Resolution 9: Election of Mr Mark Stewart as a Non-executive Director

Under clause 40.1 of the Company's Constitution, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board, must retire at the next Annual General Meeting following their appointment, but is eligible for re-election.

Mr Stewart was appointed a non-executive director on 12 December 2017, and being eligible, offers himself for re-election as a Director of the Company. Details of his qualifications and experience are set out immediately below.

Mr Mark Stewart

Mr Stewart has over 25 years of international legal and commercial experience, particularly in the resources industry, in Africa, Asia, North America and Australia. He worked as an in-house lawyer for Anglo American plc (Anglo) for over ten years, negotiating acquisitions and joint ventures throughout Africa and South East Asia and interacting with governments regarding their mineral, fiscal and investment codes. Mr Stewart has broad commercial experience in the junior mining and resources sector having worked for junior listed resource companies from 2003 to 2010, including several years as Managing Director of two Australian Stock Exchange (ASX) listed exploration companies, which he listed in 2005 and 2007. Mr Stewart holds a Bachelor of Journalism majoring in Journalism and Law from Rhodes University (South Africa) and a Bachelor of Laws from the University of Cape Town (South Africa). He also holds post-graduate diplomas in both Company Law and Tax from the University of Witwatersrand (South Africa) and is a member of the Australian Institute of Company Directors. He has spent the last few years in Adelaide, Australia where he has been practicing as a commercial and corporate lawyer advising on negotiations in relation to cross-border transactions, joint ventures, mergers and acquisitions, infrastructure and capital raisings. A law firm of which he is principal has provided legal advice to the Company from time to time on normal commercial terms.

Mr Stewart is Chair of the Audit and Risk Management Committee.

Recommendation

The Directors (with Mr Stewart abstaining) recommend that you vote in favour of Resolution 9.

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The Chairman intends to cast any undirected proxies in favour of each Resolution.

12. Interpretation

In this Explanatory Memorandum:

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited ABN 98 008 624 691;

Board means the board of directors of the Company;

Chair means the chair of the Meeting.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

(a) a spouse or child of the member; or

(b) a child of the member's spouse; or

(c) a dependant of the member or the member's spouse; or

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or

(e) a company the member controls; or

(f) a person prescribed by the regulations for the purposes of this definition;

Company means Havilah Resources Limited ABN 39 077 435 520;

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time;

Directors mean directors of the Company;

Equity Securities has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Investec means Investec Australia Finance Pty Ltd.

Key Management Personnel or KMP has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules means the official listing rules of the ASX as amended from time to time;

Market Price has the meaning given to that term in the Listing Rules;

Meeting or **Annual General Meeting** or **AGM** means the Annual General Meeting of Shareholders to be held at The Auditorium, The Science Exchange, 55 Exchange Place, Adelaide SA 5000 on 12 December 2018 at 10:00am (Adelaide time);

Notice of Meeting means the notice of meeting convening the Meeting and the Explanatory Memorandum;

Options mean an option to subscribe for ordinary Shares in the capital of the Company;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Performance Rights and Share Option Plan or **Plan** means the Havilah Performance Rights and Share Option Plan with the terms and conditions set out in Schedule 1;

Proxy Form means the proxy form attached to the Notice of Meeting;

Resolution means a resolution to be proposed at the Meeting;

Shareholder means a holder of Shares in the Company;

Shares means ordinary fully paid shares in the issued capital of the Company;

Special Resolution means a resolution:

(a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and

(b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

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Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to:

Claire Redman (Company Secretary)
164 Fullarton Road, Dulwich SA 5065
Ph: (08) 8155 4500

Schedule 1 – Terms and Conditions of Incentive Options

- Each Option entitles the Optionholder to subscribe for one ordinary fully paid shares in the Company ('Share') on the following terms and conditions.
- The Options held by the Optionholder are exercisable in whole or in part at any time during the period of 3 years from the Issue Date ('Exercise Period'), subject to the satisfaction of any Exercise Condition referred to in the Explanatory Memorandum. Options not exercised before the expiry of the Exercise Period will lapse.
- The exercise price of an Option will be set at \$0.36 ('Exercise Price').
- Options are exercisable by notice in writing ('Notice of Exercise') to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds.
- Within 15 Business Days after the later of the following:
 - receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
 - the date the Company ceases to be in possession of excluded information in respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company, the Company will:
 - allot and issue the Shares pursuant to the exercise of the Options;
 - give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act.
- The Company will not apply for official quotation on ASX of the Options. The Company will make application for official quotation on ASX of new Shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued ordinary Shares, and in particular new Shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - elect to be registered as the new holder of the Options,
 - whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted, and
 - if the deceased has already exercised Options, pay the exercise price in respect of those Options.
- An Optionholder may only participate in new issues of securities to holders of ordinary Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- If there is a bonus issue to the holders of ordinary Shares in the capital of the Company, the number of ordinary Shares over which the Option is exercisable will be increased by the number of ordinary Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$\frac{A = O - E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary Shares into which one Option is exercisable;

P = the average closing sale price per ordinary Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with the ASX Listing Rules.

Schedule 2 – Terms and Conditions of Director Options

- Each Option entitles the Optionholder to subscribe for one ordinary fully paid shares in the Company ('Share') on the following terms and conditions.
- The Options held by the Optionholder are exercisable in whole or in part at any time during the period of 3 years from the Issue Date ('Exercise Period'). Options not exercised before the expiry of the Exercise Period will lapse.
- The exercise price of an Option will be \$0.40 per Option ('Exercise Price').
- Options are exercisable by notice in writing ('Notice of Exercise') to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds.
- Within 15 Business Days after the later of the following:
 - receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
 - the date the Company ceases to be in possession of excluded information in respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company, the Company will:
 - allot and issue the Shares pursuant to the exercise of the Options;
 - give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act.
- The Company will not apply for official quotation on ASX of the Options. The Company will make application for official quotation on ASX of new Shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued ordinary Shares, and in particular new Shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
 - elect to be registered as the new holder of the Options,
 - whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted, and
 - if the deceased has already exercised Options, pay the exercise price in respect of those Options.
- An Optionholder may only participate in new issues of securities to holders of ordinary Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- If there is a bonus issue to the holders of ordinary Shares in the capital of the Company, the number of ordinary Shares over which the Option is exercisable will be increased by the number of ordinary Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$\frac{A = O - E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary Shares into which one Option is exercisable;

P = the average closing sale price per ordinary Share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with the ASX Listing Rules.

Schedule 3 – Summary of Material Terms and Conditions of Plan

Plan Rules

The Havilah Resources Limited Performance Rights and Share Option Plan (the 'Plan') is governed by the Plan Rules.

Set out below is a summary of the Plan Rules and the full Plan Rules may be found on the Company's website at <http://www.havilah-resources.com.au/category/announcements/>

Purpose

It is intended that the Plan will enable the Company and its subsidiaries ('Group') to:

- provide incentive to Eligible Executives (as defined below) by enabling them to participate in the profits and financial performance of the Company;
- attract, motivate and retain Eligible Executives; and
- align the interests of Eligible Executives more closely with Shareholders in the Company and provide greater incentive for the Eligible Executives to focus on longer-term goals of the Company.

Share Options and Performance Rights

Under the Plan, a Performance Right is a right, subject to the terms and conditions of the Plan Rules, to subscribe or apply for and acquire fully paid ordinary shares in the capital of the Company ('Share') and similarly a Share Option is a right, subject to the terms and conditions of the Plan Rules, to subscribe or apply for and acquire fully paid ordinary Shares.

Eligible Executives

Persons eligible to participate in the Plan are, in relation to the Group, full-time or part-time employees that the Board considers, among others matters, a need to incentivise to encourage retention and succession planning; and has demonstrated capacity to add primary equity value to the Company. Each such person who participates in the Plan is hereafter referred to as a Participant.

Invitation to Participate

The Board may at its discretion invite Eligible Executives to complete an application to participate in the Plan for a specified number of Performance Rights or Share Options. An invitation shall specify the date of grant, the total number of Performance Rights or Share Options granted, the exercise price (if any) to apply for shares upon exercise of the Performance Rights or Share Options after vesting or exercise (as applicable) and the exercise period for the Performance Right or Share Option including the vesting date and expiry date, and any other matters the Board determines, including exercise or vesting performance conditions attaching to the Performance Rights or Share Options.

Exercise or Vesting of Performance Rights or Share Options

A Participant's Performance Rights or Share Options may only be vested or exercised (as applicable), allowing such Participant to then acquire Shares, if the Performance Right or Share Option has not lapsed in accordance with these Rules and any Performance Conditions and any other relevant conditions attaching to the Performance Right or Share Option have been satisfied. A Share Option may only be exercised by a Participant if the Participant lodges with the Company a duly signed and completed notice of exercise, together with payment of the Exercise Price for the Share Options being exercised.

Exercise Price

The exercise price means the amount payable per security, if any, on the exercise of a Share Option calculated as determined by the Board and fixed at the date of grant or determined by methodology approved by the Board.

Performance Conditions

A performance condition means a performance, vesting or other conditions (if any) determined by the Board and specified in the Invitation, being conditions which must be met before a Performance Right or Share Option can vest or be exercised (as applicable). The Board is aware that best practice executive equity incentive design requires that long-term equity-based rewards should be linked to the achievement of relevant performance hurdles. The

performance conditions to be applied to an Invitation will be determined by the Board and may vary from offer to offer or from person to person.

Issue of Shares

Upon the vesting or exercise of a Performance Right or Share Option (as applicable), the Company must issue or allocate to, or procure the transfer to, the Participant the number of Shares in respect of which Performance Rights or Share Options have been vested or exercised (as applicable). The Company is authorised, but not required, to bear all brokerage, commission, stamp duty or other transaction costs payable in relation to the acquisition of Shares by the Participants under the Plan. The Company will apply for quotation of Shares issued under the Plan within the period required by ASX.

Restrictions on disposal

The Board may in its absolute discretion and by notice to an Eligible Executive, impose a restriction on the transfer of Shares converted on the exercise or vesting of the Performance Right or Share Option (as applicable) for a period of up to seven years from the date of grant.

Limitations on Issues

The Plan has been prepared to comply with ASIC Class Order [CO14/1000]. As such, offers under the Plan that are made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order.

Consideration

Unless otherwise determined by the Board, no payment is required for the grant of the Performance Rights or Share Options under the Plan.

Not transferrable

Performance Rights or Share Options granted under the Plan are not transferable and must not be encumbered or otherwise dealt with by a Participant, unless the Board determines otherwise.

Early Cessation of Employment

Unless otherwise determined by the Board:

- where an Eligible Person ceases to be an employee of the Group before a Performance Right or Share Option has vested or becomes capable of being exercised (as applicable) by reason of his or her death, disability, bona fide redundancy or any other reason approved by the Board and at that time the Eligible Person continues to satisfy any other relevant conditions attaching to the Performance Right or Share Option, the Board will have the discretion to allow some or all of the Performance Rights or Share Options to vest or be exercised (as applicable) or otherwise lapse.
- if the Eligible Person ceases to be an employee of the Group for any other reason or ceases to satisfy any other relevant conditions attaching to the Performance Right or Share Option, all Performance Rights or Share Options held by the Participant will lapse, unless otherwise determined by the Board.

Reconstructions, Bonus Issues and New Issues

In the event of any reconstruction of the share capital of the Company, the number of Shares to which each Participant is entitled and/or the exercise price of those Performance Rights or Share Options must be reconstructed in accordance with the ASX Listing Rules. Performance Rights or Share Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Participants which are not conferred on other shareholders of the Company.

Holders of Performance Rights or Share Options issued under the Plan may only participate in new issues of securities by the Company if they have first exercised their Performance Rights or Share Options within the relevant exercise period and become a shareholder of the Company prior to the relevant record date and are then only entitled to participate in relation to Shares of which they are the registered holder.

If there is a bonus issue the number of Shares over which a Performance Right or Share Option can be exercised will be increased by the number of Shares which the holder would have received if the Performance Right or Share Option had been exercised before the record date for the bonus issue.

Security Interests

Without approval from the Board, Participants shall not grant any security interest in or over or otherwise transfer or deal with any Performance Right or Share Options or any interest therein, and any such security interest, transfer or dealing will not be recognised in any manner by the Company.

General

The Plan Rules also contain customary and usual terms having regard to Australian law for dealing with administration and costs of the Plan.

Schedule 4 – Terms and Conditions of Tranche 1 Options and Further Tranche Options

- Each Option entitles the Optionholder to subscribe for one ordinary fully paid shares in the Company ('Share') on the following terms and conditions.
 - The exercise price for the Options will be based on a 20% premium over the 30 day volume weighted average share price (VWAP) of the Company preceding the issue date ('Exercise Price').
 - The final date by which the Options can be used to acquire shares in the Company will be 3 years from the issue date ('Expiry Date').
 - The Options will be subject to an escrow period commencing from the issue date to the earlier of:
 - the full repayment, prepayment or cancellation of the Investec Facility; or
 - the completion of corporate advisory services by the appointed Corporate Advisor.or as otherwise agreed between the Optionholder and the Company.
- ('Escrow Period')**
- The Optionholder may exercise a portion of the Options subject to any partial exercise being effected in integral multiples of A\$250,000.
 - Following the end of the Escrow Period, the Options may be exercised by the Optionholder (in part or in whole) at any time up until the Expiry Date subject to:
 - the Optionholder giving the Company 3 business days written notice of its intention to exercise a specified number of Options on a proposed exercise date;
 - the Company will issue Shares on the exercise date;
 - all Shares must be issued to the Optionholder fully paid and free from any liens, charges, encumbrances, pre-emption and will rank in full for all voting rights, dividends and other distributions;
 - funds raised from the issue of Shares at the Exercise Price will be paid to the Company and to the extent any amount remains outstanding under the Investec Facility, will be applied by the Company to prepay outstanding drawings under the Investec Facility in reverse order of maturity and reduce the Investec Facility limit by the amount of funds raised;
 - on receipt of the written notice from the Optionholder above, the Company can elect not to issue the Shares but instead pay the Optionholder a compensation payment equal to the number of Options requested to be exercised multiplied by the difference between the 5-day VWAP and the relevant Exercise Price. The compensation payments must be completed by the Company within 2 business days of receiving the written notice from the Optionholder;
 - in the event that the Optionholder exercises the Options and wished to sell the resultant shares, both the Optionholder and the Company agree to reasonably work together, on a best endeavours basis, to facilitate the orderly sale of the shares so as to minimize market disruption.
- All Shares issued on exercise of the Options will rank equally with the Company's then issued ordinary fully paid shares.
 - The terms of the Options will include an adjustment mechanism to compensate for any dilution as a result of a capital restructure by the Company, in accordance with the Listing Rules.
 - The Optionholder will not assign any of the Options to a non-Investec related third party without the Company's prior consent.

Proxy, representative and voting entitlement instructions

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

The Proxy Form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The Proxy Form (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be **lodged at the Share Registry of the Company, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3000 or received by Facsimile on 1800 783 447 (within Australia), or +61 3 9473 2555 (outside Australia), or electronically by casting votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website or at the Company's registered office at 164 Fullarton Road, Dulwich, South Australia, 5065** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the Proxy Form proposes to vote.

Custodian Voting:

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

If a representative of the corporation is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A Proxy Form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Adelaide time) on 10 December 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.
- Please indicate the office held by signing in the appropriate place.

Lodge your vote: **Online:**
www.investorvote.com.au **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

 Vote and view the annual report online <ul style="list-style-type: none">• Go to www.investorvote.com.au or scan the QR Code with your mobile device.• Follow the instructions on the secure website to vote.	
Your access information that you will need to vote: Control Number: SRN/HIN: PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.	

 **For your vote to be effective it must be received by 10:00am (Adelaide time) Monday 10 December 2018**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.**A proxy need not be a securityholder of the Company.**

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Havilah Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Havilah Resources Limited to be held at 'The Auditorium', The Science Exchange, 55 Exchange Place, Adelaide SA 5000, on Wednesday 12 December 2018 at 10:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 2, 3 and 4** (except where I/we have indicated a different voting intention below) even though **Items 1, 2, 3 and 4** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 2, 3 and 4** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of issue of unlisted Options to Dr Chris Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of unlisted Options to Mr Mark Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Performance Rights and Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of prior issue of unlisted Options to Investec	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of issue of unlisted Options to Investec	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue an additional 10% of the issued capital of the Company over a 12 Month Period pursuant to ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Re-election of Dr Chris Giles as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Election of Mr Mark Stewart as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /