

12 September 2019

## Chairman's Address

Havilah Resources Limited (**Havilah**) provides the following address which will be delivered by its Chairman Mr Mark Stewart at today's Extraordinary General Meeting (**EGM**) to be held at 11am at the Adelaide Convention Centre to consider the resolution for the approval of the proposed investment in Havilah of up to \$100 million (**Proposed Transaction**) by OneSteel Manufacturing Pty Ltd (SIMEC), a member of the GFG Alliance (together **GFG**).

"I would like to introduce to you our Directors and Officers, Mr Martin Janes (Independent Non-Executive Director), Dr Chris Giles (Executive Director- Technical), Mr Walter Richards (Chief Executive Officer), Mr Simon Gray (Company Secretary) and Ms Claire Redman (Company Secretary).

I also welcome our legal counsel Mr James Dickson and Mr Kieren Shattock from Piper Alderman, and our external Auditor from Deloitte Ms Sally-Anne Gurry.

Please note that this meeting is being recorded to ensure an accurate record of proceedings.

I will open the meeting for questions during the meeting. At that time, if any shareholder has a question, I ask that you please show your BLUE or PINK card, wait for the microphone before speaking and state your name before proceeding with your question.

I would now ask that all mobile devices be turned off or to silent mode. I also ask that you note your nearest exit in the unlikely event that we need to evacuate the building. I note that a quorum is present and therefore open the meeting.

When you registered for today's meeting you should have been given either a BLUE, PINK or WHITE attendee card. If you have not received a card then please go to the registration desk outside the meeting room and speak to a Computershare representative. Only those holding BLUE voting cards are entitled to vote. Only those holding BLUE OR PINK attendee cards are entitled to speak at today's meeting. Your BLUE card will be used for the holding of the polls at today's meeting.

The Notice of Meeting has been sent to shareholders and I will take it as read.

Resolution- Approval of SIMEC Transaction

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*That, for the purposes of section 611 (item 7) of the Corporations Act 2001 (Cth), ASX Listing Rule 10.1 and all other purposes, approval is given for the Company to issue up to 447,733,124 fully paid ordinary shares in the capital of the Company to OneSteel Manufacturing Pty Ltd to raise up to approximately \$75 million, and grant to SIMEC security over the "Copper Aura Tenements", the "Iron Genesis Tenements" and the shares in the subsidiaries of the Company that hold those tenements, and in the event of the insolvency of the Company and subsequent enforcement of the security which results in one or more of those assets being sold to SIMEC, to transfer those assets to SIMEC, each as described in the Explanatory Notes.*

Please look to the Screen for the current status of proxy votes on the Resolution

I advise that the Company has received 33,430,085 proxy votes in favour of the resolution, 109,135,537 proxy votes against the resolution, 1,332,437 undirected proxy votes and 339,188 abstained votes.

I advise in advance that any undirected proxies which I can vote in my capacity as Chair will be voted FOR the resolution. I also advise that I will be calling for a poll for this resolution.

When Chris asked me to join the Havilah Board of Directors he made it very clear that he wanted to see Havilah bring its many assets to account. This is something that interested me and also reflected my experience and expertise as a dealmaker. At the last EGM, earlier this year, shareholders made it very clear that they expect Havilah's many assets to be advanced towards production, but here we are today preparing to take a step back in time.

I would like to take a few moments to make it clear to shareholders how we got to this point. As I have been stating at the shareholder information sessions held around the country over the last few weeks neither Havilah nor GFG would have entered into the subscription agreement unless Dr Giles had been supportive. The board was unanimous in deciding to proceed with the deal on 30 April 2019 and on 1 May 2019 all the directors attended in Whyalla for the signing ceremony and Dr Giles was one of the signatories. He then interviewed Mr Gupta for a video that was released by us and gave statements to the Whyalla press that were strongly in support.

When the Independent Expert Report was received with a "not fair but reasonable" conclusion about the deal Dr Giles said to me that he became uncomfortable largely because he didn't fully understand what the "not fair" aspect meant and decided to change his position to a neutral stance indicating that he was not making a recommendation one way or the other and the Notice of Meeting was dispatched on 9 August 2019 on that basis. This was despite the IER concluding that the deal was "reasonable" and that "...the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved".

Up until Monday 9 September this week, Dr Giles maintained to his fellow directors that he was undecided and on Monday afternoon would not tell us what he planned to do so that we could plan accordingly. Late on that Monday evening Dr Giles lodged proxies on behalf of Trindal, the company in which he holds his Havilah shares, instructing his proxy to vote against the deal. He gave his fellow directors no notice of this event despite the fact that he knew that his vote would be determinative and that it meant that the deal would not be approved. We have only been aware that the transaction will not be proceeding since late Monday evening which is why we put the company into a trading halt on Tuesday morning.

As you can see from the screen, if Dr Giles had voted for the deal as was expected given his position when the deal was signed, the resolution would have been passed. And as you can also see from the screen, the majority of shareholders by number voted for this deal despite the confusion created by Dr Giles' position over the last month.

My view is that the founding shareholders have been firmly in control of Havilah since it was listed and were not prepared to lose their control even though the proposed deal was probably a once in a lifetime opportunity to turn Havilah into a mid-tier miner. The founding shareholders have an effective blocking vote and they have exercised it again despite the majority by number voting in favour. In my view, that is as clear a statement as you can get that the founders are only interested in continuing to exercise control. And that is why Havilah has had limited success in its 20 plus years.

The Company is a successful explorer, but assets in the ground with a lot of potential value require significant risk capital to turn the potential value into real value. Havilah has reached the point where only a significant capital injection is going to generate value for the current shareholders. In GFG the Company not only found a willingness to inject significant risk capital, but also the provision of multiple other strategic benefits, such as access to a local steelworks for assets that has no value on the balance sheet.

Havilah is a public company with public money and should be run in the interests of all shareholders. If Dr Giles had looked at the results and voted in favour with the majority of shareholders (other than the Johnson faction), the resolution would have passed.

I should also point out that despite this deal being in the market for over four months, no offers or alternative proposals have been received. This is despite statements by some shareholders that the deal undervalued the company. Clearly that undervaluation is not shared by the market and industry at large. In addition, there have been no alternative proposals by those advocating against the deal which can only leave us wondering what they have in mind. Perhaps a raising that delivers them a greater level of control? Who knows but it would have been helpful if they could have made their plans clear to all of us.

To say we are disappointed is a complete understatement and to have spent a year negotiating this deal as well as the substantial amount of work that has been carried out since it was released to the market only to get this result is unfortunate and a huge lost opportunity for the shareholders, company, and the State of South Australia.

I would really like to give special mention to Walter Richards and the Havilah employees who has put the last year of their lives into getting this deal into a position where it was agreed to by all the directors and they have worked tirelessly since then in making contact with as many shareholders as possible to discuss the deal and any questions they might have had. I really can't imagine how he and the Havilah team must be feeling now but I have real admiration for him and his team in continuing to progress this deal despite attempts to undermine them at every turn.

I would also like to thank those shareholders who voted FOR this transaction. I am sorry that this opportunity won't be realised for you.

We will now take any questions but bearing in mind that there is no point discussing any aspects of the deal because the resolution will not be passed. Would any member asking a question please stand, show their BLUE or PINK card and state their name before proceeding with their question. Please also wait for the roving microphone before speaking.

The Corporations Act empowers the chair of a company meeting to call for a poll on a resolution put to the meeting. I now call for a poll on this resolution. "

For further information visit [www.havilah-resources.com.au](http://www.havilah-resources.com.au)

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