Havilah Resources

A New Mining Force in South Australia

ANNUAL REPORT 2015

Corporate Directory

Office Holders

Kenneth Graham Williams
BEc(Hons), MAppFin
(Independent Non-Executive Chairman)

Christopher William Giles
BSc(Hons), PhD
(Managing Director)

Paul Stratford Mertin
GAICD
(Independent Non-Executive Director)

Walter Douglas Richards
BComm(Hons)(Accountancy), MSPM, CA, CA(SA), ACMA
(Chief Financial Officer & Company Secretary)

Registered and Principal Office

31 Flemington Street
Glenside South Australia 5065

telephone:	(08) 8338 9292
facsimile:	(08) 8338 9293
website:	www.havilah-resources.com.au
email:	info@havilah-resources.com.au

Share Registrar

Computershare Investor Services Pty Limited
(ACN 078 279 277)
Level 5, 115 Grenfell Street
Adelaide South Australia 5000

Auditors

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide South Australia 5000

Solicitors to the Company

Thomson Geer Lawyers
7/19 Gouger Street
Adelaide South Australia 5000

Forward Looking Statements

This report prepared by Havilah Resources Limited (or “the Company”) includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Company Highlights

Havilah's immediate corporate objective is to successfully produce its first gold from Portia by July 2016, and cement the transition from explorer to miner.

Mine Development Progress

Portia Gold Mine: Portia Gold Mine fully funded and mining commenced.

> An innovative revenue sharing funding arrangement was reached with a respected Broken Hill mining contractor that saw the Portia Gold Mine funded.

> A loan and hedging facility was arranged with Investec Bank that provided funds for construction of the processing plant and for working capital until commencement of first gold production in July 2016.

> A gold hedging program was implemented to hedge 10,000 ounces of gold at an average price of $1,618.

Advanced Project Development Progress

North Portia Copper-Gold Project: Possible follow on from Portia Gold Mine to utilise same infrastructure.

> Fast tracked feasibility study into mining the North Portia deposit involving additional resource drilling and metallurgical studies, revision of resource model and open pit mine design.

Kalkaroo Copper-Gold Project: Continued advances in de-risking project.

> Public comments on the Mining Lease Application were addressed and responses are being considered by the Department of State Development, South Australia.

> Finalised the acquisition of Kalkaroo Station which secures land access for the mining operation and all associated infrastructure.

> Extensive work on revision of the orebody geological and resource model and mining plan with the view to releasing a Probable Ore Reserve in the near future.

Maldorky Iron Ore Project: Low key project de-risking work continued.

> Public comments on the Mining Lease Application were addressed and responses are being considered by the Department of State Development, South Australia.

> Extensive hydrological studies completed.

Chairman's Letter

30 October 2015

Dear Fellow Shareholder,

Havilah Resources Limited (Havilah or the Company or the Group) achieved a major milestone in its history with the commencement of mining operations at the Portia Gold Mine in March this year. This was the culmination of many years of exploration activity, meticulous sampling to overcome a coarse gold assaying challenge and patient permitting work that led to final mining approval about this time last year. This coincided with the time when Havilah's share price was near a record low, ruling out equity funding, and when the major banks had no interest in providing loans to junior resource companies.

It was against this background that Havilah reached an agreement with a well respected Broken Hill mining contractor, Consolidated Mining & Civil Pty Ltd (CMC), that saw CMC agree to sole fund all mining costs in exchange for a 50% share of the gold or gold revenue after payment of royalties. Havilah retained full responsibility for constructing the gravity recovery plant and processing the gold ore once it was delivered to the surface.

This arrangement has proceeded smoothly, with CMC meeting all of its stated targets and bringing in all equipment and personnel required to meet its agreed mining and infrastructure obligations. At the time of writing we expect to reach the halfway point in overburden removal towards the end of November 2015.

On the back of the Portia Gold Mine development, Havilah was able to secure a $6 million loan facility from Investec in order to fund the construction of the Portia gravity gold processing plant and to sustain the Company until first expected gold production in July next year. This facility also allows Havilah to hedge 10,000 ounces of gold. The hedging program has been implemented at an average price of $1,618.

Havilah achieved a major milestone in its history with the commencement of mining operations at the Portia Gold Mine in March this year. This was the culmination of many years of exploration activity, meticulous sampling to overcome a coarse gold assaying challenge and patient permitting work that led to final mining approval about this time last year.

By these means, Havilah has been able to secure all financing for the development of the Portia gold mine and the processing plant, with minimal shareholder dilution, and now has the prospect of substantial cash flow in the second half of next year. Behind the scenes our management, technical team and field personnel have been working extremely hard to achieve this outcome, and continue to do so to ensure the success of the project. I am pleased that Havilah has finally made the transition from explorer to miner at a time when the economic conditions could scarcely have been more difficult. I am also grateful to CMC for taking on the challenge and for so ably performing on every task they have undertaken.

A potentially positive benefit of the Portia gold mine development is the prospect of mining the adjacent North Portia Copper-Gold Project, which lies on the same mining lease. This makes sense from the perspective of utilising the considerable investment in existing Portia infrastructure, expected simplified permitting, backfilling the Portia open pit with North Portia overburden, and a willing mining contracting partner. Some funds raised from the current Share Purchase Plan will be applied to upgrading the mineral resource at North Portia, developing a detailed open pit mine design and for metallurgical testwork, which are important factors in determining the economic viability of mining the deposit. Mining North Portia will allow Havilah to turn from a gold producer into a copper-gold producer.

Our other advanced projects, namely Kalkaroo Copper-Gold and Maldorky Iron Ore, continue to steadily advance through the Department of State Development's permitting process, and subject to timely finalisation of native title agreements could see Mining Leases granted in the first half of 2016. Markets are not particularly conducive for raising funding on favorable terms for either project at this stage, and Havilah will remain patient until such times as we can obtain financing terms that do not compromise shareholder value.

Last year I said that "we are on the cusp of breaking ground as a mine operator with a substantial exploration portfolio", and this year I can say that we are now a mine operator with the prospect of significant income in 2016 and a substantial resource inventory that can sustain significant metal production for many years to come.

I know that all members of Havilah's small hard working team are committed to achieving these goals and for their efforts to achieve the successes of the past year, we express our sincere thanks.

I wish to thank you on behalf of the Board for your continued support of Havilah.

Yours faithfully,

KWilliams

Mr Ken Williams

Chairman

Table of Contents

Havilah acknowledges Steve Radford (CMC) for some photography in this Annual Report.
Other pictures are from Havilah archives.

Review of Operations

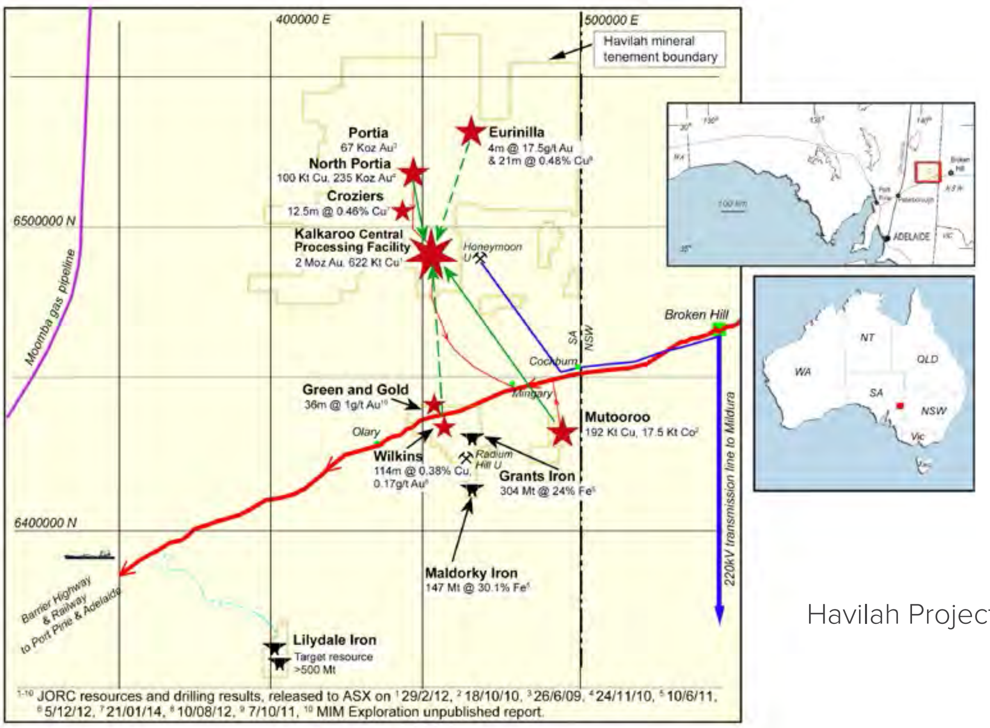
Commencement of the Portia gold mine this year is Havilah's first important step in fulfilling its objective of developing its large and diversified resource inventory and becoming a "New Mining Force in South Australia". If mining continues as planned and production commences in July 2016, by the end of next year Havilah stands to earn $40 million in revenue from gold sales at current A$ gold prices.

Getting Portia off the ground was no mean feat, with the long permitting process, the difficulty of raising financing by conventional means and the expertise required for successful delivery and implementation, but in the end all of these challenges were overcome. A new set of challenges face us every day in such diverse tasks as maintaining dewatering, modifying mine designs in response to behaviour of the soft overburden materials and in designing and constructing the most efficient gold recovery processing plant within budget. The main components of the gold processing plant have either been ordered or are under construction, and it is planned to assemble the plant on site and commission it during the first quarter of 2016, in time for the first ore. Aided by a very supportive and highly competent mining contractor in Consolidated Mining & Civil Pty Ltd and our own technical and field crew, Directors remain confident that Havilah will achieve its stated mining objectives at Portia.

Commencement of the Portia gold mine this year is Havilah's first important step in fulfilling its objective of developing its large and diversified resource inventory and becoming a "New Mining Force in South Australia". If mining continues as planned and production commences in July 2016, by the end of next year Havilah stands to earn $40 million in revenue from gold sales.

Opportunity breeds new opportunity, and with Portia underway and millions of dollars of infrastructure in place, and a motivated mining contractor, it made sense to take a serious look at the oxidised portion of the nearby North Portia copper-gold deposit as the next mining development project. Havilah has previously defined a 11.3 million tonne copper-gold JORC resource at North Portia of which the upper JORC Indicated Resource of 2.75 million tonnes of 1% copper and 0.64 g/t gold is mainly soft free dig oxidised material. It had always been reckoned that North Portia would be developed once the Kalkaroo processing plant was operational in order to treat the hard sulphide ore.

However, preliminary studies earlier this year suggested that the soft North Portia oxidised ore may be economically viable if it is possible to recover much of the contained free gold and chalcocite



Havilah Project Locations

at a low cost. Accordingly, Havilah will shortly commence a drill testing program using its own equipment and field crew to obtain metallurgical samples of the oxidised ore material and to upgrade the existing mineral resource to Measured status.

The results of this work will be incorporated into an updated resource, mining design and economic model to determine the viability of mining and treating the North Portia oxidised ore. It is possible that the efficient gravity plant utilised for Portia may be able to also effectively recover much of the free gold from North Portia.

In recent presentations it has been stated that it is Havilah's aim to achieve sustainable production of at least 34,000 tonnes of copper and 105,000 ounces of gold within the next five years. Development of the large Kalkaroo copper-gold deposit is essential to achieving this goal.

To this end Havilah has been steadily de-risking and progressing the Kalkaroo project over the past year by:

> Acquisition of the surrounding pastoral property, thus removing land access risk.

> Moving the Mining Lease application through the permitting process, and has recently lodged with Department of State Development (DSD) a comprehensive response to all comments received during the public exposure stage.

> Preparing an updated mining study with financial models that consider a high capital ($340 million) optimised production rate and a lower capital ($83 million) slow start up option.

Several key tasks are planned to be completed this year:

> Grant of a Mining Lease that confers the right to mine at Kalkaroo.

> Compilation and submission of a Program for Environmental Protection and Rehabilitation (PEPR) document with DSD in order to obtain final mining approvals.

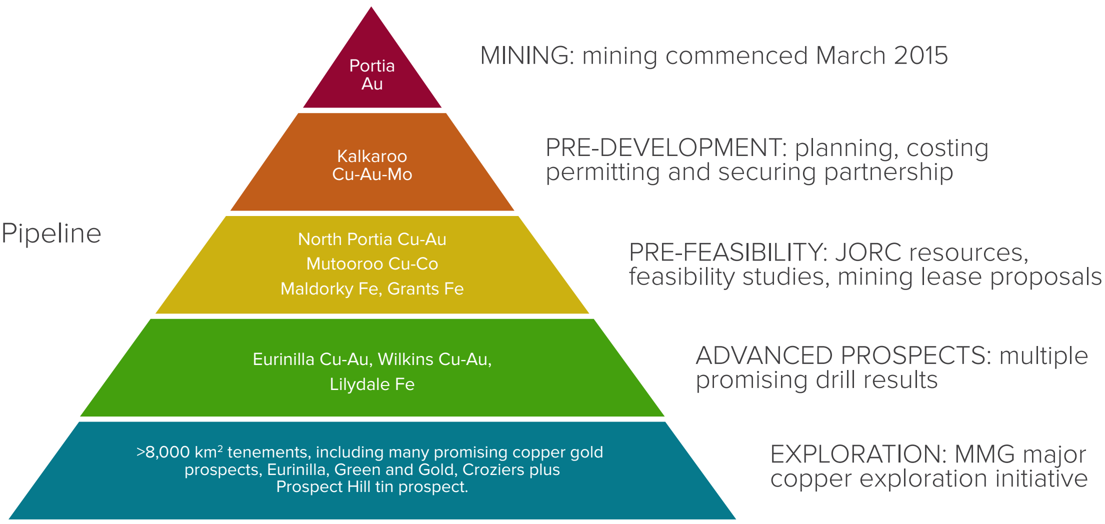
> Finalisation of the processing flow sheet design allowing more accurate estimation of the capital and operating costs than at present.

> Updated resource and open pit mine design and release of a Probable Ore Reserve estimate.

Achievement of these objectives will see Kalkaroo fully permitted with more certainty surrounding project economics, which will in turn assist in attracting project funding partners.

Havilah still retains its promising iron ore projects, namely Maldorky, Grants and Lilydale, plus its tin and uranium resources. Havilah continues low key work on the Maldorky project and has recently lodged its response to public comments received for the Mining Lease with DSD.

Havilah Project Pipeline



Portia Gold Project

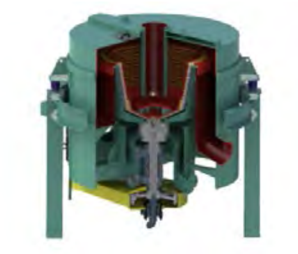
(Gold, 100% Havilah)

Brief history and overview of the project

Copper mineralisation was first discovered in the area in a sample collected from the bottom of a uranium exploration drillhole completed by Marathon Petroleum in the 1980s. The Pasminco-Werrie Gold joint venture followed up the Marathon copper hit in the mid-to late 1990s and discovered widespread copper, gold, molybdenum, lead and zinc mineralisation in the Benagerie Dome. They completed a considerable amount of high quality drilling and geophysical work and outlined numerous promising prospects, including Portia and North Portia. Portia is covered by more than 70 metres of younger sediments and hence has no surface expression.

The Pasminco-Werrie joint venture found the Portia gold mineralisation hard to define on account of abundant coarse-grained gold, which made conventional sampling and assaying techniques unreliable. Havilah resolved this problem by washing selected drill samples in a trommel / Knelson concentrator and obtaining a gravity concentrate, from which gold was picked under a binocular microscope and weighed on a precision analytical balance.

Based on more than 200 drillholes sampled in this way, an Inferred Resource of 720,000 tonnes @ 2.9 g/t for 67,000 ounces of gold has been estimated, using a high grade cutoff of 60 g/t. The known gold mineralisation is closely drilled and has proven to be consistently gold mineralised over an area of at least 600m x 100m, and ranging from 1 to 4 metres in thickness.



Knelson concentrator

Mineral resources

Resource Category	Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Cobalt (%)	Contained Cu (tonnes)	Contained Au (ounces)	Contained Mb (kg)	Contained Co (kg)
Inferred	720,000	-	2.9	-	-	-	67,000	-	-

[Applying a top cutoff gold grade of 60 g/t]

Key project facts and statistics

Metals: Gold

Ownership: 100% owned

Status: Mining of overburden commenced on 30 March 2015. Processing plant design completed

Progress: Approximately 20% of overburden removed as of 31 July 2015. Construction of processing plant commenced

Main Contractors: Consolidated Mining and Civil Pty Ltd (CMC)

Total Overburden: 7.0 million m^3

Overburden Removed: 1.3 million m^3 (31 July 2015)

Total Ore Tonnes: 355,000 in optimised open pit

Total Recoverable Metal: 51,000 ounces of gold

Royalty: 2% State Royalty and 1% production royalty

Significant project milestones achieved

Discovery Date: 1990s by Pasminco-Werrie Gold JV

Resource Declaration: June 2009

Native Title Status: Native Title Agreement in place with Adnyamathanha people - January 2008

Permitting: 1,741 Ha Mining Lease approved - August 2009. PEPR approved - October 2014

Financing: Mining contract - January 2015. Processing plant financing - 30 October 2015

Infrastructure Work Commenced: November 2014

Project Development: January 2015

Mining Commenced: 30 March 2015

Processing Plant Construction Commenced: July 2015

Recent highlights

On 7 January 2015, the Company announced that it had executed a contract for mining of the Portia gold deposit with Consolidated Mining & Civil Pty Ltd (CMC), a well respected and experienced Broken Hill based mining contractor. This contract allows for development and mining of Portia on a shared risk / shared revenue basis. The key terms of the mining and funding contract are:

> CMC is responsible for funding and performing mining operations and delivery of the gold ore to the surface stockpile at its sole expense and risk.

> Havilah is responsible for processing the ore and producing dore gold ingots for delivery to a refiner at its sole expense.

> Revenue (or physical gold) will be shared 50:50 for all gravity recoverable gold mined from the Portia gold deposit.

> A joint operating committee, chaired by Havilah, will oversee the operation and receive and consider operational reports, with day to day mining activities being the responsibility of CMC.

> CMC provided a bank guarantee to Havilah to enable it to lodge the $1.95 million rehabilitation bond required by DSD as a condition of the mining approval.

> Havilah will be responsible for landholder and native title payments triggered by the commencement of mining.

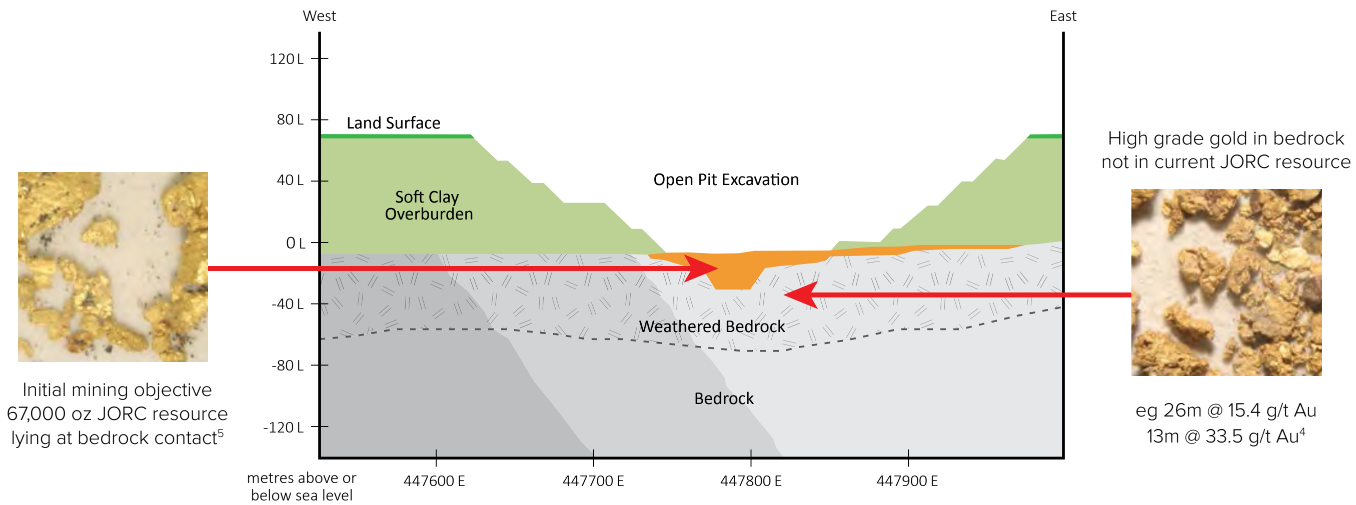
> Both parties will be jointly responsible for payment of a production royalty, the State Government royalty and gold refining costs.

Upon execution of the contract, CMC moved swiftly to commence work on the project, with all required site works substantially complete and removal of overburden from the Portia open pit commencing on 30 March 2015. Based on CMC's current advice, it is anticipated that first gold ore will be delivered to the surface for processing by July 2016. At current gold prices and exchange rates and the amount of gold expected to be recovered, Havilah has the prospect of receiving at least A$40 million[1] income from gold sales during the second half of 2016.

While the mining operations have been progressing, Havilah has undertaken the planning, construction and acquisition of components for the processing plant, which it is planned to commission on site early in 2016.

Future project milestones and work planned

Havilah's key task is to oversee the successful mining and processing of the Portia gold ore in coming months. An important milestone will be the commissioning of the processing plant on site early next year ahead of delivery of first gold ore.



[1] JORC resource of 720,000 tonnes @ 2.9 g/t gold, within optimised open pit design of 355,000 tonnes @ 4.7 g/t for 53,600 oz gold at a 95% recovery rate. Gold price of A$1,580 per ounce.

North Portia Copper Gold Project

(Copper Gold, 100% Havilah)

Brief history and overview of the project

Copper mineralisation was first discovered in the area in a sample collected from the bottom of a uranium exploration drillhole completed by Marathon Petroleum in the 1980s. The Pasminco-Werrie Gold joint venture followed up the Marathon copper hit in the mid-to late 1990s and discovered widespread copper, gold, molybdenum, lead and zinc mineralisation in the Benagerie Dome. They completed a considerable amount of high quality drilling and geophysical work and outlined numerous promising prospects, including Portia and North Portia. North Portia is covered by more than 50 metres of younger sediments and hence has no surface expression.

Havilah acquired Pasminco's 70% interest in the joint venture from the receivers of Pasminco, and subsequently purchased the remaining 30% to give it 100% ownership of the entire area.

North Portia contains an Indicated + Inferred Resource of 11.3 million tonnes of 0.89% Cu, 0.64 g/t Au and 500 ppm Mo. This translates to a metal inventory of 101,000t copper 234,000 oz gold and 5.68 million kg of molybdenum. The ore is very similar to Kalkaroo and could potentially provide several years additional mill feed for a sulphide concentration operation at Kalkaroo.

The indicated resource coincides with the base of weathered rock with higher grades of copper due to supergene enrichment in the weathering zone. The primary resource (in fresh unweathered rock) has been classified as Inferred, because of the wider drill hole spacing and hence less certainty in the continuity of the mineralisation.

0.05% molybdenum (Mo) occurs within the defined copper and gold resource, but molybdenum also forms an extensive halo surrounding the supergene copper-gold mineralisation. Molybdenum mineralisation lying within a 100ppm envelope was modeled, resulting in a significant stand-alone molybdenum resource in the supergene zone as shown in the following table.

Mineral resources

Resource Category	Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Cobalt (%)	Contained Cu (tonnes)	Contained Au (ounces)	Contained Mb (kg)	Contained Co (kg)
Indicated (supergene)	2,750,000	1.0	0.65	451	-	101,000	234,500	5,680,000	-
Inferred (sulphide)	8,610,000	0.85	0.64	531	-	added to above	added to above	added to above	-
Indicated (supergene Mo only)	7,732,000	-	-	340	-	-	-	added to above	-

Key project facts and statistics

Metals: Gold, copper

Ownership: 100% owned

Status: Assessment of feasibility of mining and processing the supergene ore on site commenced July 2015

Progress: Additional drilling requirements identified from updated mine plan

Total Overburden: 13 million m^3

Total Ore Tonnes: 4 million tonnes (supergene only)

Total Recoverable Metal: 101,000t copper 234,000 oz gold

Royalty: 2% State Royalty and 1% production royalty

Significant project milestones achieved

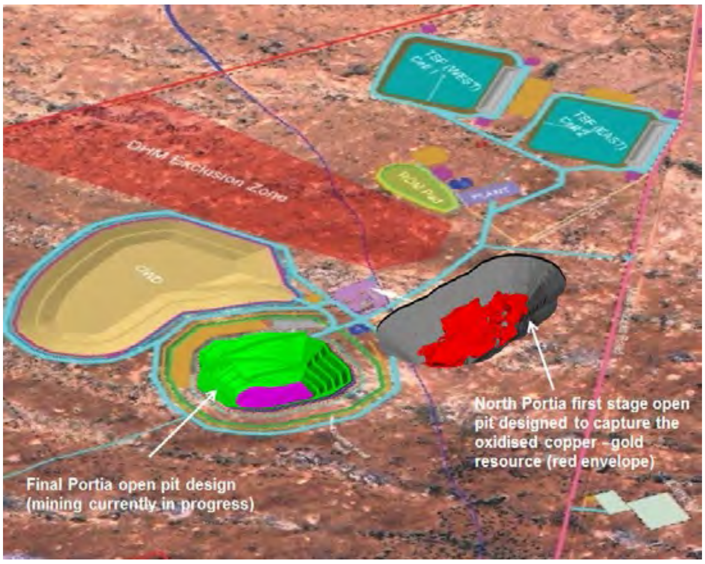
Discovery Date: 1990s

Resource Declaration: November 2010

Native Title Status: Native Title Agreement in place with Adnyamathanha people - January 2008

Permitting: 1,471 Ha Mining Lease approved - August 2009

Recent highlights



Havilah has decided to fast-track an evaluation study of mining the upper supergene portion of the North Portia copper-gold deposit following on from Portia and in order to take advantage of mining infrastructure currently in place.

The viability of North Portia as a stand-alone mining proposition is potentially enhanced by several positive factors:

> The favourable copper and gold grades of the deposit.
> Low cost of mining overburden and oxidised ore - due to the free-digging nature of the material.
> Potential for a significant reduction in waste mining cost - by backfilling the Portia open pit with North Portia overburden (possibly employing an innovative conveyor system developed by CMC).
> The soft oxidised ore will not require crushing or grinding - metallurgical tests will determine the extent to which simple gravity methods can be employed to recover the copper and gold.
> All mining infrastructure and mining equipment are already in place for the current Portia mining operation – it is possible that the Portia processing plant may also be suitable for treatment of the ore.
> North Portia deposit lies within the existing Portia mining lease - additional permitting required should largely follow the procedures already established for Portia.

Studies on mining the underlying harder sulphide ore would be delayed until such times as it is exposed in the floor of the open pit some 3 or 4 years after mining commences. Metallurgical testwork by Pasminco showed that the primary chalcopyrite ore produced good recoveries and concentrate grades via standard flotation methods. By this time it is expected that the milling and sulphide concentrator should be operational at Kalkaroo and the North Portia sulphide ore could be trucked to there.

Future project milestones and work planned

Metallurgical Drilling Completed: January 2016
PEPR Submitted for Approval: May 2016
Installation of Dewatering Infrastructure Completed: July 2016
Mining Decision: July 2016
Mining Contract Negotiated: March 2016

In order to assess the viability of the North Portia project, Havilah plans to embark on the following key tasks:

> Determine recoveries of secondary copper (chalcocite) and gold in the oxidised ore, which will require core drilling in order to obtain sufficient sample to carry out the necessary metallurgical tests.
> Strategic infill RC drilling to increase the level of confidence to Measured Resource status for the oxidised ore.
> Comprehensive groundwater studies to assist in the preparation of mining approval documentation.

If mining and treating the oxidised ore on site is proven to be viable, the immediate key task will be preparation and approval by DSD of a PEPR document in order to allow mining to proceed.

Kalkaroo Project

(Copper Gold Molybdenum, 100% Havilah)

Brief history and overview of the project

Kalkaroo was explored by a number of major mining groups in the past including Placer, Newcrest Mining and MIM Exploration, who completed more than 45,000 metres of drilling in the region. Following acquisition of the project by Havilah in 2004 and a detailed evaluation of all historical exploration data, Havilah developed a 3D geological model of an interpreted copper resource envelope which it commenced drill testing later that year. This model had not been tested by previous explorers.

In the ensuing years Havilah drilled more than 360 percussion and diamond drillholes for a total of more than 65,000 metres and revised upwards its initial mineral resource three times to the latest estimate as summarised in the following table.

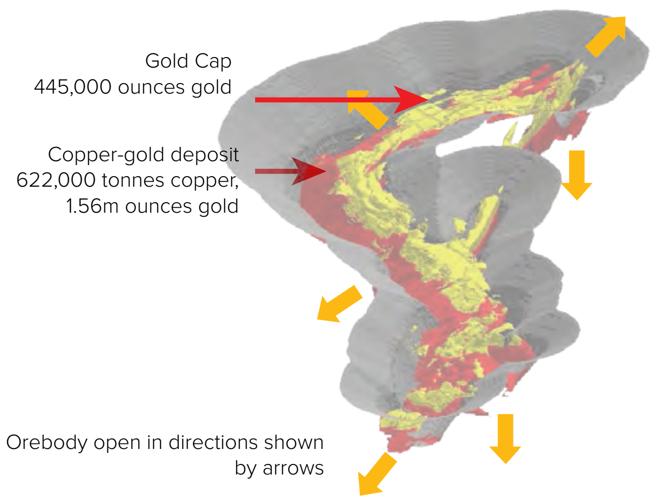
Mineral resources

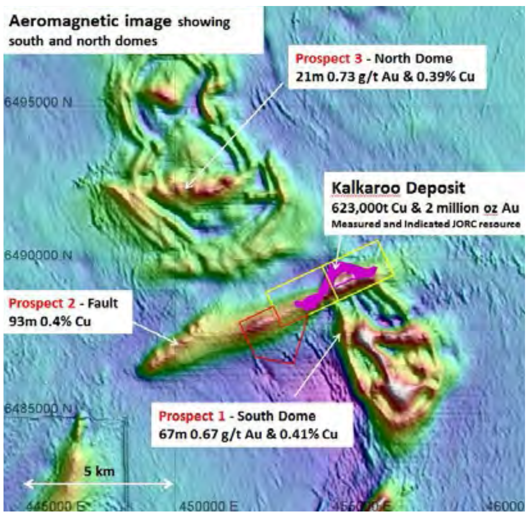
Resource Category	Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Cobalt (%)	Contained Cu (tonnes)	Contained Au (ounces)	Contained Mb (kg)	Contained Co (kg)
Gold Cap Measured	18,690,000	-	0.74	-	-	-	445,000	-	-
CuAu Measured	85,890,000	0.52	0.41	-	-	622,500	1,561,000	-	-
CuAu Indicated	38,620,000	0.45	0.33	-	-	added to above	added to above	-	-
Mo Inferred	4,500,000	-	-	615	-	-	-	2,768,000	-

These resources are comprised of four main ore types from top to bottom, which reflect a deeply weathered, supergene enrichment profile as follows:

1. **Supergene free gold**, with generally minor copper, largely recoverable by gravity methods.
2. **Native copper and gold**, largely recoverable by gravity methods.
3. **Chalcocite copper dominant with gold**, recoverable by conventional flotation.
4. **Chalcopyrite copper dominant with gold**, recoverable by conventional flotation.

The Kalkaroo deposit is formed of replacement style copper-gold-molybdenum mineralisation located on the northern faulted portion of a major structural dome. Hydrothermal fluids have replaced particular favourable units in a 150-200 metre thick mine sequence package of rocks. Structural preparation by major cross-cutting faults appears to have been important in creating open spaces and channelling mineralising solutions. Excellent exploration potential exists in unexplored strike extension of the mine sequence. Highest grades of gold and copper at shallowest depths are found at West Kalkaroo, where the favourable units are cut by a major fault zone, and as a result open pit mining will commence on this portion of the deposit.





Several prospects within 5km of Kalkaroo

Key project facts and statistics

Metals: Gold, Copper, Molybdenum

Ownership: 100% owned

Status: Mining Lease Application document has met DSD adequacy requirements and comments arising from public exposure of the document have been addressed by Havilah

Progress: Native title negotiations, updated mineral resource and mining plan (aiming for release of a Probable Ore Reserve), process flow sheet design and tighter capex and opex estimates to Bankable Feasibility Study standards.

Total Waste: 370 million tonnes (over life of mine)

Total Ore Tonnes: 144 million tonnes

Annual Production: 34,000 tonnes copper, 106,000 oz gold over life of mine

Royalty: 2% State Royalty

Significant project milestones achieved

Acquisition Date: 2004 from Placer Dome and MIM Exploration

Resource Declaration: Originally February 2005, updated February 2007 and February 2012

Native Title Status: Negotiations on-going with Adnyamathanha native title claimants

Permitting: Mining Lease document first lodged – August 2014, commencement public exposure period – December 2014, document addressing public comments lodged – June 2015 and currently under consideration by DSD

Parameter	High Capital Start-up	Lower Capital Start-up
Mine life	14 years	17.5 years
Upfront capex (± 30%)	A$340 M	A$83 M
Annual metal production	34,000 tpa copper 108,000 oz gold	Rising to 35,000 tpa copper 106,000 oz gold from year 6
Total site operating & copper transport & refining costs (per lb payable copper)	US$2.47	US$2.57
Gold revenue credit (per lb payable copper)	US$1.89	US$1.89
C1 Cash Cost (net of Au by-product credit and rounded)	US$0.59	US$0.69
Breakeven copper price (NPV=0 at a 10% discount rate)	US$1.40/lb	US$1.65/lb

Figures reported in the above table are based on financial models that assume a copper price of US$2.80 per lb, a gold price of US$1,300 per oz and an exchange rate of A$:US$0.80. All the assumptions underpinning the information continue to apply and have not materially changed.

Recent highlights

Havilah recently purchased the 550 km^2 Kalkaroo Station on which the Kalkaroo Copper-Gold deposit lies, thus eliminating the landholder risk element. An updated mining study released to the ASX in March 2015 confirmed the project had robust economics at the prevailing copper and gold prices and current exchange rates for two development alternatives – high capital start-up and lower capital start-up (see table above).

Future project milestones and work planned

Processing Flow Design Completed: Mid 2016

PEPR Approved: Late 2016

Mining Decision: Late 2016

Financing in place: Late 2016

Havilah has a busy program of work planned for the next year, including:

> Advancing the Mining Lease Proposal document through the regulatory process until the Mining Lease is granted, which includes finalising a native title mining agreement with the Adnyamathanha people.

> Generating an updated resource statement that for the first time will incorporate a Probable Ore Reserve.

> Completion of the Program for Environmental Protection and Rehabilitation document necessary to obtain the required mining approvals.

> Complete processing flow sheet design and costing to BFS standard.

> Engaging with potential investors who can assist in providing development funding.

Mutooroo Project

(Copper Cobalt Gold, 100% Havilah)

Brief history and overview of the project

Mutooroo is a lode-style massive sulphide deposit located in South Australia about 60 km west of Broken Hill containing an estimated 13.1 million tonnes of 1.48% copper plus appreciable cobalt, gold and sulphur. Metallurgical studies indicate that a modern roasting / acid plant would be capable of efficiently recovering all valuable products including sulphuric acid, copper, cobalt, iron ore and electricity.

The Mutooroo copper mine was worked in the period between 1887-1914, with reported production of some 6,000 tonnes of mostly hand-picked oxidised material, including 2,557 tonnes of 6.58% copper and a parcel of 218 tonnes of 19.3% copper.

More than 30 diamond drillholes were completed by Broken Hill South in the 1960s into the deeper sulphide bearing portion of the lode zone resulting in a sulphide copper resource estimate of 8.7 million tonnes of 1.9% copper. This historic resource figure may not comply with current JORC reporting standards, but is considered to be reliable in light of the number of diamond drillholes that it is based on.

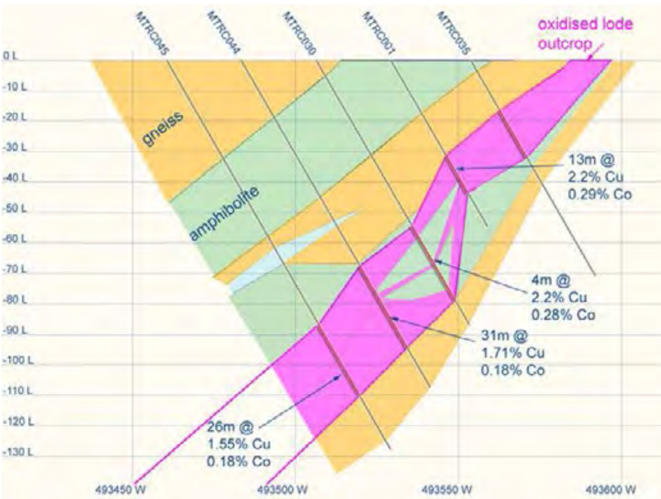
The prospect lay largely dormant until Havilah commenced exploration in 2005, with an initial objective of drilling the largely untested top 200 metres of the lode system for an open pit deposit. Havilah's drilling showed the Mutooroo copper-cobalt mineralisation occurs as a series of stacked sulphide rich lodes developed within a 45 degree west dipping shear zone that is largely confined to an amphibolite sill within Broken Hill age high grade metamorphic rocks. The orebody shows a distinctive vertical zonation caused by weathering and oxidation and transitions into massive sulphides below approximately 15 metres depth.

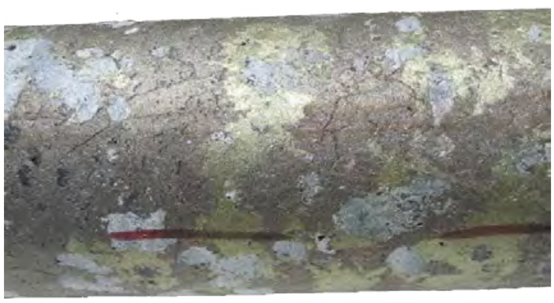
Mineral resources

Havilah has estimated a JORC Measured, Indicated and Inferred Resource of 13.1 million tonnes of 1.48% copper and 0.14% cobalt based on more than 7000 assayed samples from 250 drillholes, as summarised in the following table.

Resource Category	Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Cobalt (%)	Contained Cu (tonnes)	Contained Au (ounces)	Contained Mb (kg)	Contained Co (kg)
Measured sulphide	4,149,000	1.23	0.18	-	0.14	192,000	92,700	-	17,540,000
Indicated sulphide	1,697,000	1.52	0.35	-	0.14	added to above	added to above	-	added to above
Inferred sulphide	6,683,000	1.71	0.21	-	0.13	added to above	added to above	-	added to above
Measured oxide	598,000	0.56	0.08	-	0.04	-	-	-	-

Only about one third of the known strike of the Mutooroo sulphide mineralisation has been drilled, so there is considerable scope to expand the Mutooroo resource both along strike and at depth with additional drilling.





Massive sulphide core

Key project facts and statistics

Metals: Cobalt, Copper, Gold

Ownership: 100% owned

Status: Mining Lease proposal in progress

Progress: Native title and land access negotiations early stage

Total Ore Tonnes: 13.1 million tonnes @ 1.48% copper

Total Recoverable Metal: potentially 192,000 tonnes of copper, 17,500 tonnes of cobalt and 2.5 million tonnes of sulphuric acid based on the current JORC resource

Royalty: 2% State Royalty

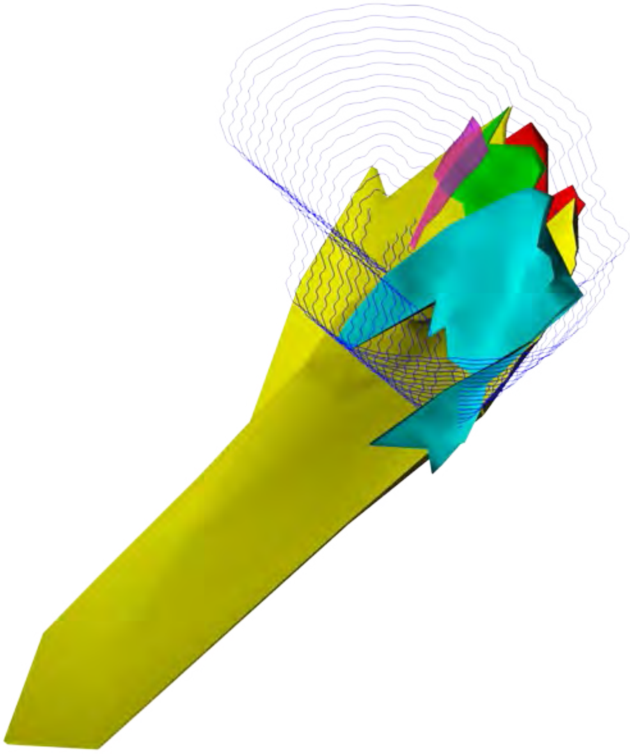
Significant project milestones achieved

Discovery Date: early prospectors

Resource Declaration:

Native Title Status: Negotiations ongoing with Wilyakali native title claimants

Permitting: Mining Lease Application lodged, supporting documentation in preparation



Future project milestones and work planned

Mutooroo is a potentially valuable source of the strategic or "energy metal" cobalt, which is an important component of the majority of lithium-ion batteries. With the upsurge occurring in lithium-ion battery manufacture driven by the revolution in electric cars and household energy storage, demand for cobalt is likely to increase significantly over the next decade. Almost all cobalt is produced as a by-product and therefore the supply is relatively inelastic. Moreover, more than 50% of cobalt supply comes from the Democratic Republic of the Congo, and it is likely that manufacturers will prefer to source supplies from more stable, non-conflict parts of the world. Deposits such as Mutooroo are therefore likely to become extremely sought after as a supply of cobalt for some time to come.

In addition to cobalt, Mutooroo contains over 2.5 million tonnes of sulphur and is therefore a potentially significant feedstock source for the production of sulphuric acid. Metallurgical testwork has shown that the sulphide ore can be successfully roasted to produce sulphuric acid, and the copper and cobalt can be leached from the calcine residue, which is potentially saleable iron ore. The roasting and acid generation process is highly exothermic and considerable electricity can be generated from the harnessed heat.

A processing flow sheet and indicative costs for a 500,000 tonne per annum roaster and sulphuric acid plant to treat Mutooroo sulphide ore was prepared by an experienced metallurgical consultant. First pass cost estimates show that to construct a roaster and acid plant with electricity co-generation will cost approximately $250-300 million and will require large quantities of high quality water. There is a high demand for sulphuric acid in Australia, and it is likely that all sulphuric acid produced could be consumed locally, which is a major positive factor for the project if the ore is treated in South Australia.

An alternative strategy also supported by metallurgical testwork is to recover the majority of the copper and cobalt as high grade chalcopyrite and pyrite concentrate respectively, by flotation followed by roasting of the residual sulphide ore.

Havilah plans to continue with the mine permitting process in order to obtain a mining licence for the project. Partners with a suitable roasting processing facility that is capable of treating the Mutooroo massive sulphide ore will continue to be actively sought, although other local processing options for the massive sulphide ore will not be ruled out.

Maldorky Project

(Iron Ore, 100% Havilah)

Brief history and overview of the project

The Maldorky iron ore deposit was discovered by Havilah in late 2010 as the result of drilling a prominent magnetic anomaly associated with poorly outcropping Braemar Iron Formation, which forms a semi-continuous belt in northeastern South Australia. This area is an emerging iron ore province, based on encouraging drilling results reported by several junior companies over the past several years.

The project lies approximately 28km south of the Barrier Highway and the Transcontinental Railway, 300km east of Port Pirie. The terrain is open and flat, presenting few problems for construction of a haul road between the project site and the railway line.

The deposit is comprised of a horizontal slab of iron ore at least 100m thick, that was formed by the thickening of a magnetic iron formation due to the combined influences of extreme shearing and drag folding at this particular locality. Overburden is generally thin to absent resulting in an extremely low life-of-mine waste to ore ratio of 0.19:1.

Metallurgical testing has significantly advanced, with completion of the initial phase of gravity concentration testing of approximately 1.5 tonnes of a specially prepared representative iron ore sample. This sample was ground to -106 microns, which earlier work has shown provides optimum liberation of the iron ore minerals, namely hematite and magnetite. A high quality iron ore concentrate was recovered, with exceptionally low contents of aluminium, phosphorous, sulphur and other undesirable elements (see assay below) by a staged gravity processing method that relies on the high specific gravity of the iron minerals relative to the silicate and carbonate gangue components. This work confirms that it is possible to generate a premium iron ore concentrate by the simple combination of optimum size grinding, screening and gravity separation of the hematite rich Maldorky ore.

Pilot Plant Testing Results:

Fe (%)	Al_2O_3 (%)	CaO (%)	P (%)	S (%)	SiO_2 (%)	TiO_2 (%)	LOI (%)
65.02	0.79	0.23	0.04	<0.001	4.42	0.88	0.07

The Maldorky deposit has several favourable attributes that Havilah believes makes it a particularly attractive mining proposition:

> A flat, shallow, orebody covering roughly 800m x 500m area, requiring a simple open pit mine plan.
> The central part of the orebody has the consistently highest grades and thickness of ore (typically > 100m thickness).
> Lack of overburden and internal waste material resulting in minimal waste mining costs.
> Relatively uniform high grade (30%) and high yield (approximately 40% of the ore converted to saleable product), meaning lower unit mining and processing cost per tonne of saleable product.
> Only 28km from the railway line (the closest of all known Braemar iron ore resources to date), minimising haulage costs.

Mineral resources

Following completion of 51 drillholes and demonstration of good continuity of mineralisation, an Indicated Resource of 147 Mt of 30.1% Fe at a cut-off grade of 18% Fe was estimated.

Resource Category	Tonnes	Iron (%)	Iron (tonnes)	Estimated Yield
Indicated	147,000,000	30.1	59,000,000	40%

Key project facts and statistics

Metals: Iron ore

Ownership: 100% owned

Status: Mining Lease Application in progress. Public exposure complete

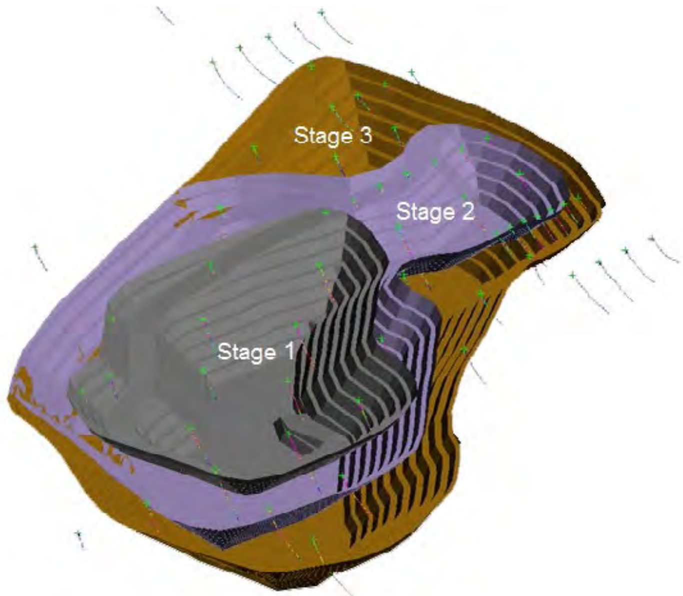
Progress: Native title and land access negotiations advanced

Total Overburden: Almost zero

Total Ore Tonnes: 147 million tonnes

Total Recoverable Metal: 59 million tonnes of iron ore

Royalty: 2% State Royalty



Significant project milestones achieved

Discovery Date: Late 2010

Resource Declaration: June 2011

Native Title Status: Ongoing negotiations with the Wilyakali native title claimants

Permitting: Mining Lease Proposal document accepted and posted for public comment – July 2014. Responses to public comments lodged September 2015

Recent highlights

Havilah spent some months this year reviewing and addressing the public submissions received for the Mining Lease Proposal. A major part of this work included a comprehensive hydrological study based on the detailed pump test monitoring data collected by Havilah. Havilah has recently lodged a document with DSD that addresses all the public comments.

Future project milestones and work planned

Metallurgical Flow Design Completed: Early 2017

Mining Decision: Dependent on recovery of iron ore and availability of financing

PEPR Submitted for Approval: Late 2016

Given the current investor disinterest in iron ore development projects, Havilah has curtailed its planned work program for Maldorky to those key tasks that will meaningfully advance the project for minimal expenditure. It is Havilah's intention to de-risk the project as much as possible so that it is financing and development ready in the event that investor interest returns to iron ore projects.

The list of important tasks that Havilah plans to tackle over the next twelve months includes:

> Securing grant of the ML, which will first require execution of a native title mining agreement with the Wilyakali people.
> Execution of a land access and compensation agreements with the affected landowners.
> Compilation of the PEPR document for Maldorky, necessary to obtain the required mining approvals.
> Sinter and pelletising testing of the premium iron ore concentrate product.
> Construction of a larger scale pilot plant in order to test the conceptual processing flow sheet design

Exploration

With the focus on developing Portia, and with limited spare funds, Havilah carried out no exploration drilling during the year.

Havilah's exploration partner, MMG Exploration completed several diamond drillholes in the northern tenement areas and discovered likely iron oxide copper-gold mineralisation at the Birksgate prospect including 10.9m @ 0.84% Cu, 0.64 g/t Au from 209.5m in diamond drillhole BRK14DD001A.

MMG also completed 10 diamond drillholes on the Eurinilla dome, nine of which intersected replacement style copper gold mineralisation typical of the regional mineralised horizon that hosts the Kalkaroo and North Portia copper-gold deposits. The best intersection was 6m @ 5.3% Cu from 157m in diamond drillhole EUR14DD009.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by geologist, Dr Chris Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr Giles is a director of the Company and is employed by the Company on a consulting contract. Dr Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit and activities described herein to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Giles consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears. Information for Kalkaroo and Croziers has been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All other information was prepared and first disclosed under the JORC Code 2004.

Mineral Resources and Tenement Schedule

Mineral Resources

Tables summarising the published JORC resources cited in this report

Project	Resource Category	Tonnes	Copper (%)	Gold (g/t)	Molybdenum (ppm)	Cobalt (%)	Contained Copper (tonnes)	Contained Gold (ounces)	Contained Molybdenum (kg)	Contained Cobalt (kg)
Kalkaroo[1]	Gold Cap Measured	18,690,000		0.74				445,000		
	CuAu Measured	85,890,000	0.52	0.41			622,500	1,561,000		
	CuAu Indicated	38,620,000	0.45	0.33			Added to above	Added to above		
	Mo Inferred	4,500,000			615				2,768,000	
Portia[2,5]	Inferred	720,000		2.9				67,000		
North Portia[3]	Indicated (supergene)	2,750,000	1.0	0.65	451		101,000	234,500	5,680,000	
	Inferred (sulphide)	8,610,000	0.85	0.64	531		Added to above	Added to above	Added to above	
	Indicated (supergene Mo only)	7,732,000			340				Added to above	
Mutooroo[4]	Measured sulphide	4,149,000	1.23	0.18		0.14	192,000	92,700		17,540,000
	Indicated sulphide	1,697,000	1.52	0.35		0.14	Added to above	Added to above		Added to above
	Inferred sulphide	6,683,000	1.71	0.21		0.13	Added to above	Added to above		Added to above
	Measured oxide	598,000	0.56	0.08		0.04				
Total all projects	All categories	172,908,000					915,500	2,400,000	8,450,000	17,540,000

Based on JORC resources, details released to ASX on: [1] 29 February 2012, [2] 26 October 2009, [3] 23 October 2010, [4] 18 October 2010.

[5] Under the mining and funding contract for the Portia gold mine between Havilah's wholly-owned subsidiary, Benagerie Gold Pty Ltd (Benagerie), and Consolidated Mining & Civil Pty Ltd (CMC), development and mining of Portia is being conducted on a shared risk/shared revenue basis. CMC is solely responsible for all mining and related costs and is entitled to 50% of the gravity recoverable gold once it is produced and available for sale. Benagerie is solely responsible for ore processing and producing gold ingots at its own cost. Royalties and similar obligations are met jointly by Benagerie and CMC, but otherwise the parties do not have rights to the assets or obligations for the liabilities of the other party.

Project	Resource Category	Tonnes	Iron (%)	Iron (tonnes)	Estimated Yield
Maldorky[1]	Indicated	147,000,000	30.1	59,000,000	40%
Grants[2]	Inferred	304,000,000	24	100,000,000	33%
Total all projects	All categories	451,000,000		159,000,000	

Based on JORC resources, details released to ASX on: [1] 10 June 2011, [2] 5 December 2012 , applying an 18% cut-off in both cases.

Comparison of mineral resources statement to the prior year

As at the reporting date there were no changes to any of the Mineral Resources recorded over the previous year. Accordingly the Group has not shown in tabular format either the balances as at 31 July 2014 or the movements between the two on account of the balances being the same.

Summary of governance arrangements and internal controls in place for the reporting of mineral resources

Mineral Resources are estimated by suitably qualified employees and consultants in accordance with the JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Mineral Resources. These estimates and the supporting documentation were reviewed by suitably qualified Competent Persons prior to inclusion in the Annual Report.

Tenement schedule for the year ended 31 July 2015

Project Name	Exploration Tenement No.	Tenement Name	Area (km²)	Registered Owner	% Interest
Curnamona Craton	EL 4590	Mutooroo Mine	23	Havilah Resources Limited	100
	EL 4591	Mundi Mundi	73	Havilah Resources Limited	100
	EL 4592	Bonython Hill	20	Havilah Resources Limited	100
	EL 4645	Kalkaroo	998	Havilah Resources Limited	100
	EL 4646	Mutooroo West	72	Havilah Resources Limited	100
	EL 4691	Mulyungarie	1139	Havilah Resources Limited	100
	EL 4704	Telechie North	35	Havilah Resources Limited	100
	EL 4727	Oratan	107	Havilah Resources Limited	100
	EL 4782	Benagerie	585	Havilah Resources Limited	100
	EL 4806	Prospect Hill	45	Teale and Brewer[1]	Earning 85%[2]
	EL 4817	Border Block	35	Havilah Resources Limited	100
	EL 4818	Mundaerno Hill	58	Havilah Resources Limited	100
	EL 4940	Emu Dam	614	Havilah Resources Limited	100
	EL 4967	Frome	53	Curnamona Energy Pty Limited	100
	EL 5049	Jacks Find	103	Curnamona Energy Pty Limited	100
	EL 5050	Kopi Flat	348	Curnamona Energy Pty Limited	100
	EL 5051	Thurlooka	361	Curnamona Energy Pty Limited	100
	EL 5052	Yalkalpo East	76	Curnamona Energy Pty Limited	100
	EL 5053	Billeroo	129	Curnamona Energy Pty Limited	100
	EL 5054	Moolawatana	368	Curnamona Energy Pty Limited	100
	EL 5106	Coonee	136	Curnamona Energy Pty Limited	100
	EL 5179	Cutana	363	Havilah Resources Limited	100
	EL 5246	Chocolate Dam	59	Havilah Resources Limited	100
	EL 5260	Cochra	17	Havilah Resources Limited	100
	EL 5369	Lake Charles	322	Havilah Resources Limited	100
	EL 5370	Yalkalpo	194	Curnamona Energy Pty Limited	100
	EL 5393	Mingary	229	Exco, Polymetals[3]	Earning 75%[4]
	EL 5396	Olary	151	Havilah Resources Limited	100
	EL 5420	Lake Namba	516	Havilah Resources Limited	100
	EL 5421	Swamp Dam	53	Havilah Resources Limited	100
	EL 5422	Telechie	347	Havilah Resources Limited	100
	EL 5423	Yalu	491	Havilah Resources Limited	100
	EL 5448	Carnanto	836	Havilah Resources Limited	100
	EL 5463	Prospect Hill South	30	Havilah Resources Limited	100
	EL 5476	Lake Yandra	682	Havilah Resources Limited	100
	EL 5478	Tarkarooloo	264	Havilah Resources Limited	100
	EL 5488	Eurinilla	70	Havilah Resources Limited	100
	EL 5505	Lake Frome	232	Havilah Resources Limited	100
	EL 5578	Kalabity	148	Havilah Resources Limited	100
	EL 5593	Billeroo West	176	Havilah Resources Limited	100
	ELA 2015/00112	Bundera	343	Havilah Resources Limited	100
Gawler Craton	EL 5107	Pernatty	178	Red Metal Limited[5]	86.7[6]
	EL 5579	Sandstone	215	Havilah Resources Limited	100
Geothermal Licences	GEL 181	Frome	1305	Geothermal Resources Pty Limited	100
	GEL 214	Penola-Robe	1948	Geothermal Resources Pty Limited	100
	GEL 498	Lake Eliza	258	Geothermal Resources Pty Limited	100
	Mining Tenements	**Status**	**Area (Ha)**	**Applicant**	
Portia	ML 6346	Renewable 1 October 2016	1745.1	Benagerie Gold Pty Limited	
	MC 4345	Extractive Minerals Lease applied for	29.8	Benagerie Gold Pty Limited	
Kalkaroo	MC 3826	Mining Lease applied for	249.2	Kalkaroo Copper Pty Ltd	
	MC 3827	Mining Lease applied for	248.3	Kalkaroo Copper Pty Ltd	
	MC 3828	Extractive Minerals Lease applied for	90.0	Kalkaroo Copper Pty Ltd	
	MC 4368	Mining Lease applied for	974.9	Kalkaroo Copper Pty Ltd	
	MC 4369	Mining Lease applied for	138.0	Kalkaroo Copper Pty Ltd	
	MPLA T02680	Application submitted	248.8	Kalkaroo Copper Pty Ltd	
	MPLA T02978	Application submitted	51.7	Kalkaroo Copper Pty Ltd	
Lilydale	MC 4264	Mining Lease applied for	249.6	Lilydale Iron Pty Ltd	
	MC 4265	Mining Lease applied for	249.7	Lilydale Iron Pty Ltd	
	MC 4266	Mining Lease applied for	249.7	Lilydale Iron Pty Ltd	
	MC 4267	Mining Lease applied for	249.7	Lilydale Iron Pty Ltd	
Maldorky	MC 4271	Mining Lease applied for	249.5	Maldorky Iron Pty Ltd	
	MC 4272	Mining Lease applied for	248.1	Maldorky Iron Pty Ltd	
	MC 4273	Mining Lease applied for	132.0	Maldorky Iron Pty Ltd	
	MC 4274	Mining Lease applied for	116.8	Maldorky Iron Pty Ltd	
	MC 4364	Mining Lease applied for	112.2	Maldorky Iron Pty Ltd	
Mutooroo	ML 5678	Renewable 29 August 2018	16.0	Mutooroo Metals Pty Ltd	
	MC 3565	Mining Lease applied for	100.3	Mutooroo Metals Pty Ltd	
	MC 3566	Mining Lease applied for	138.2	Mutooroo Metals Pty Ltd	
Oban	RL 123	Relinquishment requirements in progress	248.1	Oban Energy Pty Limited	

Note 1 *Teale & Brewer: Adrian Mark Brewer, Teale and Associates Pty Ltd*
Note 2 *Agreement - farm-in to earn 85% interest in tenement*
Note 3 *Exco, Polymetals: Exco Operations (SA) Ltd, Polymetals (White Dam) Pty Ltd*
Note 4 *Agreement - farm-in to earn 75% interest in the rights to iron ore and associated minerals*
Note 5 *Havilah Resources Limited is a registered co-owner - 13.3%*
Note 6 *Agreement - farm-in to dilute to 10%*

Review of Financial Results

The Group is in the exploration and development phase working towards the transition from explorer to mine operator. The development of the Portia Gold Mine has commenced. First gold production is expected in July 2016.

The Group is in the exploration and development phase working towards the transition from explorer to mine operator. The development of the Portia Gold Mine has commenced but ore is yet to be processed. As such, the Group has not generated any revenue from metal sales to date.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was ($4.5) million (2014: ($8.1) million). This includes an impairment charge of $3.3 million (2014: $6.6 million).

The income statement shows a loss after tax of $4.8 million (2014: loss $8.3 million) for the year. The loss includes an impairment write-down of $3.3 million related to iron ore exploration activity and the difficult iron ore market conditions. Management believes that there still is value in the iron ore exploration tenements, but the carrying value cannot be justified at this time. The prior year included an impairment write-down of $6.6 million related to uranium exploration activity having ceased.

The Group has estimated tax losses to carry forward of $53.3 million (2014: $48.4 million). During the year the Group received a Research and Development Tax Incentive refund of $0.4 million (2014: $0.8 million).

As at 31 July 2015 the Group had available cash of $2.1 million (2014: $1.2 million).

The only debt the Group has relates to a vehicle lease with an outstanding balance of $35 thousand (2014: $46 thousand) and insurance premium funding of $90 thousand (2014: $nil). The Group has entered into a $6.0 million financing facility, which has not yet been drawn down.

During the year the Group finalised the purchase of the Kalkaroo Station for a purchase price of $2.1 million. The $1.0 million vendor financing has been repaid in full during the year.

Operating activities resulted in a cash outflow for the year of $1.4 million (2014: cash outflow of $1.3 million). Cash outflow from investing activities for the year was $3.4 million (2014: $3.3 million).

Earnings per share is a loss of $0.03 (2014: loss $0.07).

Dividends

No dividends were paid or declared since the start of the financial year, and the Directors do not recommend the payment of dividends in respect of the financial year.

Subsequent Events

Other than noted in Note 35 to the financial statements, there has been no matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Director and Company Secretary Details

The following persons were Directors of Havilah during or since the end of the financial year:

Kenneth Graham Williams

BEc(Hons), MAppFin, MAICD
Independent Non-Executive Chairman

Director since 2003
Chairman since 11 November 2013

Mr Ken Williams has extensive experience in mining finance and his skills complement the technical skills of Dr Chris Giles. Mr Ken Williams has previously held roles in the treasury operations at Qantas Airways Limited and Normandy Mining Limited, before becoming Chief Financial Officer of Normandy, then Group Executive Finance and Business Manager at Newmont Australia Limited. He is currently non-executive Director on a number of public, private and not-for-profit boards. Mr Ken Williams is a resident of Adelaide and a member of the Australian Institute of Company Directors.

Other current Directorships:
AWE (Appointed 2009)
Previous Directorships (last 3 years):
Curnamona Energy Limited
Geothermal Resources Limited
Interests in shares: 464,465 shares
Interest in options:
Listed – 92,893 options
Unlisted – none

Christopher William Giles

BSc(Hons), PhD, MAIG
Managing Director

Director since 2002
Managing Director since 11 Nov 2013

Dr Chris Giles is an internationally experienced geologist having been directly involved in exploration programs, resulting in the discovery of several currently operating gold mines. As Technical Director of Havilah, he has been jointly responsible for ground selection and overseeing exploration programs that have discovered Havilah's large JORC mineral inventory.
Dr Chris Giles is a resident of Adelaide and a Member of the Australian Institute of Geoscientists.

Other current Directorships: None
Previous Directorships (last 3 years):
Curnamona Energy Limited
Geothermal Resources Limited
Interests in shares: 16,749,438 shares

Interest in options:
Listed – 3,349,890 options
Unlisted – none

Paul Stratford Mertin

GAICD
Independent Non-Executive Director

Chairman of Audit Committee
Director since 2013

Mr Paul Mertin retired in October 2013 as the Head of NAB Corporate Banking in South Australia after a 33 year career at National Australia Bank, in a range of roles. He has a broad understanding of funding options available to Havilah as the Group enters the development financing phase of its transition to a mineral producer and extensive contacts across the business community. Mr Paul Mertin is a resident of Adelaide.

Other current Directorships: None
Previous Directorships (last 3 years):
None
Interests in shares: 107,775 shares
Interest in options:
Listed – 1,575 options
Unlisted - none

Walter Douglas Richards

Comm(Hons)(Accountancy), MSPM, CA, CA(SA), ACMA
CFO & Company Secretary

Company Secretary since 2014

Mr Walter Richards has worked for Newmont Mining Corporation in a variety of roles, most recent being Regional Vice President – Finance, Africa during the project development and construction of its Akyem mine in Ghana West Africa. While working in the internal audit group of Newmont, he was responsible for the implementation of the Sarbanes-Oxley Act requirements relating to corporate governance and internal controls.

Prior to working for Newmont he was Chief Mine Site Accountant and Project Controller for Stillwater Mining Company. Mr Walter Richards is a resident of Adelaide and a member of the Institute of Chartered Accountants Australia and New Zealand, South African Institute of Chartered Accountants and the Chartered Institute of Management Accountants.

Meetings of Directors

The following table sets out the number of Directors meetings held during the financial year while the person was a Director and the number of meetings attended by each Director.

Name	Directors Meetings	
	Held	Attended
C W Giles	17	15
P S Mertin	17	17
K G Williams	17	17

Name	Audit and Risk Committee	
	Held	Attended
C W Giles	2	1
P S Mertin	2	2
K G Williams	2	1

Due to the Group's limited size and activities, the Group does not have a remuneration committee.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of the Group.

Director and Key Management Personnel details

The following persons acted as Directors or Key Management Personnel of the Group during or since the end of the financial year:

> Dr Chris Giles (Managing Director)
> Mr Paul Mertin (Independent Non-Executive Director)
> Mr Ken Williams (Independent Non-Executive Chairman)
> Mr Walter Richards (Chief Financial Officer & Company Secretary)

Relationship between the remuneration policy and Group performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth to 31 July 2015.

	31 July 2015 $	31 July 2014 $	31 July 2013 $	31 July 2012 $	31 July 2011 $
Revenue and other income	492,594	196,127	2,289,630	250,095	523,000
Net loss before tax	(4,691,892)	(8,279,576)	(4,261,685)	(5,659,087)	(3,023,548)
Net loss after tax	(4,793,392)	(8,279,576)	(4,320,462)	(5,887,799)	(3,041,752)
Loss attributable to equity holders of the Company	(4,793,392)	(8,279,576)	(4,320,462)	(3,571,667)	(2,576,450)

	31 July 2015 $	31 July 2014 $	31 July 2013 $	31 July 2012 $	31 July 2011 $
Share price at beginning of year	$0.15	$0.35	$0.64	$0.63	$0.36
Share price at end of year	$0.25	$0.15	$0.35	$0.64	$0.63
Basic earnings per share	(3.1) cents	(6.9) cents	(3.7) cents	(3.7) cents	(3.1) cents
Diluted earnings per share	(3.1) cents	(6.9) cents	(3.7) cents	(3.7) cents	(3.1) cents

No dividends have been declared during the five years ended 31 July 2015 and the Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2015.

There is no link between the Group's performance and the setting of remuneration except as discussed below in relation to share options for Directors and Key Management Personnel.

Remuneration policy

Due to its size, the Group does not have a remuneration committee. The compensation of Directors is reviewed by the Board of Directors with the exclusion of the Director concerned. The compensation of management personnel is reviewed by the Board of Directors.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other key management personnel. External advice on remuneration matters is sought whenever the Board of Directors deems it necessary. No external advice on remuneration matters was obtained during the year ended 31 July 2015.

Issues of share options to Directors and Key Management Personnel as part of their remuneration are not dependent on the satisfaction of performance conditions other than as set out below. These conditions have been determined to align the performance of the Directors and Key Management Personnel with the performance of the Group.

Remuneration philosophy

The performance of the Group depends on the quality of its Directors and Key Management Personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

> Provide competitive rewards to attract and retain high calibre Directors and Key Management Personnel;
> Link executive rewards to shareholder value (by the granting of share options);
> Link rewards with the strategic goals and performance of the Group; and
> Ensure total remuneration is competitive by market standards.

Executive Director remuneration

The Board of Directors seeks to set remuneration of executive Directors at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Group's development.

Currently the Group has a service agreement with an entity associated with Dr Chris Giles, details of which are set out below under Consultancy Agreement.

Non-Executive Director remuneration

The Board of Directors seeks to set remuneration of the non-executive Directors at a level which provides the Group with the ability to attract and retain Directors of a high calibre, whilst incurring a cost which is appropriate at this stage of the Group's development.

Currently, as Non-Executive Chairman, Mr Ken Williams is entitled to receive Directors fees of $88,000 per annum (statutory superannuation is not applicable as the fees are paid to his consulting company).

As Non-Executive Director, Mr Paul Mertin is entitled to receive Directors fees of $50,115 per annum inclusive of statutory superannuation.

Chief Financial Officer & Company Secretary remuneration

Mr Walter Richards receives remuneration of $225,515 per annum, inclusive of statutory superannuation.

Mr Richards was issued on 25 June 2014 with 1,200,000 share options with an expiry date of 1 April 2018, provided he remains an employee of the Group, on the following terms:

- > 600,000 share options are exercisable before 1 April 2018 at an exercise price of $0.36;
- > 600,000 share options are exercisable at an exercise price of $0.36 upon the date that is the later of:
  - > The issue date, and;
  - > The date that the Group:
    - > Commences construction of a mineral development project (either alone or as a party to a joint venture);
    - > Completes the sale of one of its mineral projects or an interest therein to a third party (other than a related body corporate or related entity of the Group) for a gross consideration valued at more than A$10 million, whether in cash or non-cash contributions;
    - > Enters into any other material agreement or transaction as determined and assessed by the Board in its absolute discretion.

These conditions have been met during the year with the start of development of the Portia Gold Mine.

Consultancy agreement

The Group has entered into a consultancy agreement with a related entity of Dr Chris Giles. Should the agreement be terminated at an earlier date, a contingency exists for the contracted amount payable to the end of the term. As at 31 July 2015, the Group had a contingent liability in relation to this agreement of $116,656 (2014: $291,640). Dr Chris Giles may terminate the agreement by giving one month's notice.

Detail of the consultancy agreement entered into by Havilah and outstanding as at 31 July 2015 is set out below.

Director	Type	Details	Term
C W Giles	Consultancy	Minimum of 1,600 hours per annum at $174,984 per annum and additional hours at $100 per hour.	Two years from 21 March 2014.

Share-based payments granted as compensation for the current year

The Group operates ownership-based share option schemes for executives, employees and contractors of Havilah. In accordance with the provisions of the plans, as approved by shareholders at a previous annual general meeting, the Directors may grant to executives, employees and contractors share options to purchase parcels of ordinary shares at an exercise price set by the Directors. Each share option converts into one ordinary share of the Group when exercised. During the year no share options were issued to Key Management Personnel.

Summary of amounts paid to Directors and Key Management Personnel

The following tables disclose the compensation of Directors and Key Management Personnel:

2015	Short term employee benefits (including consulting fees[1]) $	Post employment Superannuation $	Share-based payments options[2] $	Total $
C W Giles	174,984[1]	-	-	174,984
P S Mertin	45,767	4,348	-	50,115
K G Williams	87,996[1]	-	-	87,996
W D Richards	201,197	19,114	60,546	280,857
Total	509,944	23,462	60,546[3]	593,952

2014	Short term employee benefits (including consulting fees[1]) $	Post employment superannuation $	Share-based payments options[2] $	Total $
C W Giles	164,238[1]	-	-	164,238
K R Johnson[4]	33,009[1]	-	-	33,009
P S Mertin[5]	33,965	3,226	-	37,191
K G Williams	77,794[1]	-	-	77,794
W D Richards[6]	53,510	4,987	71,554	130,051
Total	362,516	8,213	71,554[3]	442,283

[1] Consulting fees paid to a nominated company in which the Director has a controlling interest.
[2] Share options do not represent cash payments to Directors and Key Management Personnel. Share options granted may or may not be exercised by Directors and Key Management Personnel.
[3] Amortisation cost of share options granted over vesting period.
[4] Retired on 11 November 2013.
[5] Appointed on 31 October 2013.
[6] Appointed on 1 April 2014.

No Directors or Key Management Personnel appointed during the year received a payment as part of his consideration, for agreeing to hold the position.

Share options held by Directors and Key Management Personnel

During the financial year, the following share options were on issue by Havilah:

Share options series	Grant date	Expiry date	Grant date fair value	Vesting date
Director Options	23 November 2010	20 November 2014	$0.23	See 1 below

1. One half of the share options vest immediately and one half will only vest:
   > 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 Group, either alone or as a party to a joint venture, commences construction of a material mineral development project; or
   > If the Group sells a mineral project of the Group or an interest therein to a third party (other than a related body corporate or related entity of the Group) for a gross consideration valued at more than $10 million.

The Directors have decided that the performance conditions associated with share options are appropriate, after consideration of industry practice.

During the year ended 31 July 2015:

> 3,300,000 share options issued to Directors on 23 November 2010, lapsed and were valued at nil.

During the year ended 31 July 2014:

> 3,000,000 share options issued to Directors on 26 November 2012, were cancelled or forfeited and were valued at nil; and

> 1,200,000 share options were granted to other Key Management Personnel and were valued at $132,100.

Value of share options – basis of calculation:

> Value of share options granted at issue date is calculated by multiplying the fair value of share options at issue date or execution of employment agreements, if earlier, by the number of share options granted during the financial year;

> Value of share options exercised at exercise date is calculated by multiplying the fair value of share options at the time they are exercised (calculated as the difference between exercise price and the Australian Securities Exchange last sale price on the day that the share options were exercised) by the number of share options exercised during the financial year. Where the exercise price is greater than the last sale price, the value is nil;

> Value of share options cancelled is calculated by multiplying the fair value of share options at the time they were cancelled by the number of share options cancelled during the financial year. Where the exercise price is greater than the last sale price, the value is nil; and

> Value of share options lapsed at the lapse date is calculated by multiplying the market price of the share options at the time they lapsed by the number of share options lapsed during the financial year. Where the exercise price is greater than the last sale price, the value is nil;

The total value of share options included in compensation for the financial year is calculated in accordance with Accounting Standard AASB 2 Share-based Payment. Share options granted during the financial year are recognised in compensation over their vesting period.

Directors and Key Management Personnel equity holdings

Fully paid ordinary shares issued by Havilah - Number of shares

2015	Balance at 31 July 2014	Rights Issue	Net other changes[1]	Balance at 31 July 2015	Balance held nominally
C W Giles	13,399,548	3,349,890	-	16,749,438	-
P S Mertin	6,300	1,575	99,900	107,775	-
K G Williams	371,572	92,893	-	464,465	-
W D Richards	-	-	169,000	169,000	-

[1] Represents shares purchased on market.

Share options issued by Havilah - Number of options

2015	Balance 31 July 2014	Unlisted acquired during year	Listed acquired during year[1]	Listed expired during year	Unlisted lapsed during year	Balance 31 July 2015	Balance vested 31 July 2015	Vested and exercisable	Not vested	Vested during year
C W Giles	2,700,000	-	3,349,890	-	(2,700,000)	3,349,890	3,349,890	3,349,890	-	-
P S Mertin	-	-	1,575	-	-	1,575	1,575	1,575	-	-
K G Williams	600,000	-	92,893	-	(600,000)	92,893	92,893	92,893	-	-
W D Richards	1,200,000	-	522,797	-	-	1,722,797	1,722,797	1,722,797	-	600,000

[1] Included in the listed share options acquired during 2015 for Dr Chris Giles 3,349,890, for Mr Paul Mertin 1,575 and for Mr Ken Williams 92,893 listed share options that were issued pursuant to Havilah's Rights Issue as set out in prospectus dated 23 July 2014.

Corporate Governance Statement

The Board is committed to achieving and demonstrating high, but fit for purpose, standards of corporate governance. As such, Havilah Resources Limited (Havilah) and its Subsidiaries (the Group) have made it a priority to develop and adopt systems of control and accountability as the basis for the administration of the Group's corporate governance based on the ASX Principles and Recommendations.

In line with the spirit of the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (the ASX Principles) the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for the Group's corporate governance practices, taking into account factors such as the size of the Group and the Board, resources available and activities of the Group.

Where, after due consideration, the Group's corporate governance practices depart from the ASX Principles, the Board has provided full disclosure of the nature of and reason for the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at **www.havilah-resources.com.au**. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

"If not, why not" Reporting

During the reporting period the Group has followed each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 1 Recommendation 1.5

Notification of Departure: Diversity targets have not been established.

Explanation of Departure: Due to the small size of the Group, the Board does not consider it practical at this point to establish diversity targets. The Board is however committed to diversity in the workforce and will establish measurable objectives as the Group grows.

Principle 1 Recommendation 1.6

Notification of Departure: Formal process for evaluating the performance of the Board, its committees and individual Directors not disclosed.

Explanation of Departure: The Board continually monitors its performance. Given the size of the Board and the regular interaction between the Board members, the Board considers that to date this process has been adequate, however it plans to establish a more formal process as the Group develops.

Principle 1 Recommendation 1.7

Notification of Departure: Formal process for evaluating the performance of Senior Executives not disclosed.

Explanation of Departure: The Board continually monitors the performance of the management team. Given the size of the Group and the regular interaction between the Board and the management team, the Board considers that to date this process has been adequate, however plans to establish a more formal process as the Group develops.

Principle 2 Recommendation 2.1

Notification of Departure: Nomination Committee not established and process for evaluating the performance of the Board, its Committees, and individual Directors not disclosed.

Explanation of Departure: In accordance with its Nominations Policy, the Board continually monitors board size, composition, skill sets and succession issues. Given the size of the Group and the regular interaction between the Board members, the Board considers at this stage that the process in place is adequate.

Principle 4 Recommendation 4.1

Notification of Departure: The Audit Committee does not consist of only Non-Executive Directors.

Explanation of Departure: Due to the board of directors only consisting of three members, the whole Board comprises the Audit and Risk Committee, including the Managing Director.

Principle 7 Recommendation 7.3

Notification of Departure: The Group does not have an internal audit function.

Explanation of Departure: Due to the small size of the Group there is not an internal audit function. The Chair of the Audit and Risk Committee plays a hands-on role in the evaluation and review of the risk management and internal control processes employed by management.

Principle 8 Recommendation 8.1

Notification of Departure: There is no Remuneration Committee.

Explanation of Departure: There is no Remuneration Committee due to the small size of the Board. In accordance with its Remuneration Policy, the whole Board undertakes the functions of the Remuneration Committee to set and review the level and composition of remuneration for Directors and Key Management Personnel.

Principle 8 Recommendation 8.2

Notification of Departure: There are no specific policies and practices regarding the remuneration of directors and Key Management Personnel.

Explanation of Departure: Due to the small size of the Group and the Board, outside of the Remuneration Policy there are no specific remuneration practices. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is currently $200,000. This cannot be increased without approval of Havilah's shareholders.

Corporate Overview

Corporate

At the 2014 Annual General Meeting the Company adopted a new constitution that resulted in a change of name from “Havilah Resources NL” to “Havilah Resources Limited”.

Conversion to a public company limited by shares simplifies the Company’s capital structure (public companies limited by shares are the most common type of company listed on ASX). Havilah’s ability to raise capital and pursue its business development objectives will be enhanced as a result of having the capital structure that is more readily understood by potential investors and their advisers. A copy of the new constitution is available at www.havilah-resources.com.au.

To further promote its activities, Havilah produced several high quality video clips of its various projects as described in the field by its Managing Director, Dr Chris Giles. These clips have been posted on Havilah’s website and are designed to provide shareholders and interested parties with an extra dimension of information that cannot be fully relayed in static presentations and reports.

Havilah has also continued with a more structured communications program during the year in conjunction with Phillip Capital. Phillip Capital has produced two research reports during the year, that are available at www.havilah-resources.com.au. Dr Chris Giles, Managing Director, has also undertaken a number of road shows in Asia.

Principal Activities

The principal activity of Havilah is exploration for gold, copper and other base metals and mineral deposits, with the objective to develop the discoveries into profitable operating mines. The development of Havilah’s first mine, Portia commenced during the year, with first gold production expected in July 2016.

There have been no significant changes in the nature of these activities during the year.

Significant Changes in the State of Affairs

During the financial year there was no significant change in the state of affairs of the Group, other than the commencement of the development of the Portia Gold Mine.

Diversity

The Group recognises that a diverse and talented workforce is a competitive advantage and that the Group’s success is the result of the quality and skills of its people. The Board is commmitted to workplace diversity and to support this offers flexible working arrangements when the opportunity allows it. The Group believes that it has attracted appropriately skilled people to perform the required key functions and will continue to adopt the policy of recruiting the best people available.

The Group currently has one full time female worker, two part time female workers, one part time male worker and eleven full time male workers. As of 31 July 2015, the percentage of its work force represented by females was 20% and female representation on the Group’s board of directors was zero.

Community Support

The Group has keenly supported local communities and aboriginal groups in the catchment area of its operations, most notably the Port Augusta based Lakeyres football, cricket and netball teams, to encourage the participation of indigenous youth in healthy sporting activities. Havilah is a long term supporter of the Royal Flying Doctor Service via the annual Yunta Races and direct donations.

Environmental Regulations

The Group carries out exploration activities on its exploration tenements in South Australia.

The Group’s exploration operations are subject to environmental regulations under the various laws of South Australia and the Commonwealth. The Group adopts a best practice approach in satisfaction of the regulations. No breaches of the regulations have occurred during the year.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Indemnification of Officers and Auditors

During the year the Group paid a premium in respect of a contract insuring the Directors and officers of the Group against a liability incurred as such by a Director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate, against a liability, incurred as such by an officer or auditor.

Share Options

During and since the end of the financial year 200,000 unlisted share options to acquire ordinary shares in Havilah Resources Limited were granted under the Company’s Employee Share Option Plan, and 7,300,000 unlisted share options previously granted lapsed.

During and since the end of the financial year 1,000,000 unlisted share options were issued to a service provider.

As a result of the rights issue pursuant to a prospectus dated 23 July 2014, 30,084,206 listed share options were issued and 13,178 listed options were exercised during the year.

Share Options (cont)

Details of unissued shares or interests under share option as at the date of this report issued by Havilah are:

Number of ordinary shares under option	Class of shares	Exercise price of share option	Expiry date of share option
200,000[1]	Ordinary	$0.98	23 February 2016
602,000[1]	Ordinary	$1.09	25 June 2016
36,028,167[2]	Ordinary	$0.30	30 June 2017
250,000[4]	Ordinary	$0.21	30 June 2017
250,000[4]	Ordinary	$0.28	30 June 2017
100,000[3]	Ordinary	$0.22	18 August 2017
1,200,000[3]	Ordinary	$0.36	1 April 2018
2,150,000[1]	Ordinary	$0.25	26 June 2018
500,000[4]	Ordinary	$0.54	30 June 2018
100,000[3]	Ordinary	$0.38	1 May 2019

[1] Share options issued under the Employee Share Option Plan.
[2] Issued pursuant to a prospectus dated 23 July 2014, and a placement dated 20 October 2014.
[3] Share options issued under an employment contract.
[4] Share options issued under a contract to a service provider.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 59 of the annual report.

Non-Audit Services

The Directors are of the opinion that the services as disclosed in Note 23 to the financial statements do not compromise the external auditor's independence for the following reasons:

> all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

> none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Signed on 30 October 2015 in accordance with a resolution of Directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors

Mr Ken Williams
Chairman
Adelaide

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 31 July 2015

	Note	Year ended 31 July 2015 $	Year ended 31 July 2014 $
Revenue		-	-
Other income	4(a)	492,594	196,127
Expenses			
Exploration expenditure written off	9	(3,319,216)	(6,579,384)
Administration expenses		(617,900)	(755,712)
Employee expenses		(385,156)	(273,172)
Share based expenses		(238,452)	(174,547)
Depreciation and amortisation expense	12	(216,469)	(224,414)
Corporate costs		(194,272)	(169,925)
Directors fees		(138,111)	(114,985)
Finance costs		(60,533)	(24,564)
Impairment of other financial assets		(59,000)	(59,000)
Site restoration	16	44,623	(100,000)
Loss before income tax	4(b)	(4,691,892)	(8,279,576)
Income tax expense	5(a)	(101,500)	-
Loss for the year		(4,793,392)	(8,279,576)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(4,793,392)	(8,279,576)
Earnings per share: Basic (cents per share)	26	(3.1)	(6.9)
Earnings per share: Diluted (cents per share)	26	(3.1)	(6.9)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 July 2015

	Note	31 July 2015 $	31 July 2014 $
Current Assets			
Cash and cash equivalents	6	2,136,333	1,249,552
Trade and other receivables	7	28,050	829,700
Other	8	82,768	214,793
Total Current Assets		2,247,151	2,294,045
Non-Current Assets			
Exploration and evaluation expenditure	9	28,294,821	34,307,596
Mine development expenditure	10	5,769,024	-
Other financial assets	11	543,997	598,167
Property, plant and equipment	12	3,524,897	1,187,168
Other non-current receivables	13	1,650,000	-
Deferred tax asset	5(b)	-	-
Total Non-Current Assets		39,782,739	36,092,931
TOTAL ASSETS		42,029,890	38,386,976
Current Liabilities			
Trade and other payables	14	430,397	666,449
Borrowings	15	103,888	12,948
Provisions	16	471,060	563,717
Total Current Liabilities		1,005,345	1,243,114
Non-Current Liabilities			
Borrowings	17	19,420	33,081
Provisions	18	1,650,000	23,732
Other	19	1,263,823	1,253,718
Total Non-Current Liabilities		2,933,243	1,310,531
TOTAL LIABILITIES		3,938,588	2,553,645
NET ASSETS		38,091,302	35,833,331
Equity			
Issued capital	20	59,141,719	52,328,811
Reserves	21	(1,964,048)	9,145,268
Accumulated losses		(19,086,369)	(25,640,748)
TOTAL EQUITY		38,091,302	35,833,331

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 July 2015

	Share capital $	Buy out reserve $	Share option reserve $	Accumulated losses $	Total $
Balance at 1 August 2013	52,328,427	(2,599,798)	11,570,507	(17,361,172)	43,937,964
Loss for the year	-	-	-	(8,279,576)	(8,279,576)
Total comprehensive income for the year	-	-	-	(8,279,576)	(8,279,576)
Issue of 538 shares on exercise of listed share options issued at $0.50 per share	269	-	-	-	269
Issue of 115 shares on exercise of listed share options issued at $1.00 per share	115	-	-	-	115
Issue of unlisted share options	-	-	12	-	12
Share based payment	-	-	174,547	-	174,547
Balance at 31 July 2014	52,328,811	(2,599,798)	11,745,066	(25,640,748)	35,833,331
Loss for the year	-	-	-	(4,793,392)	(4,793,392)
Total comprehensive income for the year	-	-	-	(4,793,392)	(4,793,392)
Share options lapsed	-	-	(11,347,771)	11,347,771	-
Issue of 30,084,206 shares with rights issue	4,211,789	-	-	-	4,211,789
Issues of 5,957,139 shares with placement of rights issue over-subscription	834,000	-	-	-	834,000
Issue of 8,000,000 shares with placement	2,000,000	-	-	-	2,000,000
Costs associated with issue of shares	(338,334)	-	-	-	(338,334)
Issue of 13,178 shares on exercise of listed share options issued at $0.30 per share	3,953	-	-	-	3,953
Related income tax	101,500	-	-	-	101,500
Share based payment	-	-	238,452	-	238,452
Issue of unlisted share options	-	-	3	-	3
Balance at 31 July 2015	59,141,719	(2,599,798)	635,750	(19,086,369)	38,091,302

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year ended 31 July 2015

	Note	Year ended 31 July 2015 $	Year ended 31 July 2014 $
Cash flow from operating activities			
Miscellaneous receipts		23,240	7,967
Payments to suppliers		(1,321,000)	(1,271,489)
Interest and other costs of finance paid		(60,533)	(24,564)
Net cash used in operating activities	29(a)	(1,358,293)	(1,288,086)
Cash flow from investing activities			
Interest received		83,302	98,097
Payments for exploration and evaluation		(1,749,179)	(3,195,840)
Payments for mine development		(1,321,455)	-
Proceeds from sale of plant and equipment		-	68,455
Payments for property, plant and equipment		(1,603,708)	(232,772)
Research and Development Tax Incentive received		1,226,407	-
Payment for security deposit		(4,830)	-
Net cash used in investing activities		(3,369,463)	(3,262,060)
Cash flow from financing activities			
Proceeds from issue of shares		7,049,742	384
Payments for share issue costs		(338,334)	-
Proceeds from issue of share options		3	12
Repayment of borrowings		(1,096,874)	(12,486)
Net cash provided by/(used in) financing activities		5,614,537	(12,090)
Net (increase)/decrease in cash		886,781	(4,562,236)
Cash at beginning of financial year		1,249,552	5,811,788
Cash at end of financial year	29(b)	2,136,333	1,249,552

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Summary of Accounting Policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

The financial statements were approved and authorised for issue by the Directors on 30 October 2015.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

In the application of accounting standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code)). Reserves determined in this way are taken into account in the calculation of impairment expenditure.

Provision for rehabilitation estimates

Provision for rehabilitation is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation, taking into consideration time value of money. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and change in the timing of cash flows. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain plant and equipment.

1 Summary of Accounting Policies (cont)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period, resulting in accounting policy changes but not changes to recognition and measurement.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Group's present policies and operations. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Company or the Group but may change the disclosure presently made in the financial statements of the Company or the Group.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 Business Combinations are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflow.

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, costs of studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 Exploration for and Evaluation of Mineral Resources) suggest that the carrying amount of exploration and evaluation

(e) Exploration and evaluation expenditure (cont)

assets may exceed their recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which they have been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and reclassified to Mine Development.

(f) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Group financial statements.

Other financial assets are classified into the following specified categories: held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and share options held by the Group are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the year. Fair value has been determined based on quoted market prices.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(g) Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Government grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group.

1 Summary of Accounting Policies (cont)

(i) Government grants (cont)

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the statement of financial position and recognised as income on a systematic basis when the related exploration and evaluation expenditure is written off or amortised.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income in the period in which it becomes receivable.

Amounts received under the Research and Development Tax Incentive scheme are treated as Government Grants.

(j) Inventories

Ore, gold in circuit and gold bullion is physically measured or estimated and valued at the lower of cost and net realisable value. Costs are determined using an average weighted cost which includes the Group's direct and overhead costs, including amortisation and depreciation.

(k) Impairment of assets (other than exploration and evaluation)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Havilah Resources is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

1 Summary of Accounting Policies (cont)

(l) Income tax (cont)

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(m) Issued capital

Issued capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

(n) Joint arrangements

Interests in joint operations are reported in the financial statements by including the consolidated entity's interest in the assets, liabilities and expenses of the joint operation, including those held or incurred directly and its share of those held or incurred jointly. The consolidated entity also recognises its share of the metal produced or revenue from the sale of output from the joint operation.

(o) Leased assets

Finance leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset (refer to Note 1(q)).

Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Mine development

Mine development is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, mine development is amortised over the economic life of the mine on a units of production basis. Changes in factors such as estimates of proved and probable reserves that affect unit of production amortisation calculations are accounted for on a prospective basis.

(q) Property, plant and equipment

Pastoral leases are stated at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the pastoral lease.

Plant and equipment is stated at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Plant and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Computer and office equipment: 2.5 - 10 years
- Motor vehicles: 8 - 10 years
- Operating equipment: 2.5 - 10 years
- Heavy equipment: 8 - 10 years
- Rail, water & other infrastructure: 8 - 10 years
- Potable dewatering infrastructure: 7 - 25 years

(r) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

1 Summary of Accounting Policies (cont)

(r) Principles of consolidation (cont)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(s) Rehabilitation provisions

A provision for rehabilitation is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In practice, provisions are recognised at the time environmental disturbance occurs, and where disturbance increases over the life of an operation, the provision is increased accordingly.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settled the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). Costs included are based on currently available facts, technology expected to be available at the time of the rehabilitation, and laws and regulations presently enacted (or virtually certain of being enacted).

When some of the economic benefits required to settle a provision are expected to be recovered from a third party either directly or by the third party settling amounts directly, a receivable is recognised as an asset it if is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Rehabilitation provisions, net of any recognised reimbursement asset, are capitalised as part of mine development where they are expected to increase the economic benefits flowing from the use or eventually disposal of the asset, or when they represent an obligation to remediate at the end of the asset's life and are recoverable from future economic benefits from using the asset. Rehabilitation provisions arising in respect of exploration and evaluation activities are capitalised into the cost of exploration and evaluation in accordance with Note 1 (e).

(t) Revenue recognition

Sales revenue

Revenue from sales of refined metals is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured, which means:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been dispatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

As a result of the above policy generally revenue is recognised at the time of shipment. Where metal is delivered into physical gold delivery contracts, revenue is recognised at the time of the metal transfer into the buyer's metals account

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(u) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the issue date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

2 Going Concern

The financial report has been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits as set out in Note 25(a).

For the year ended 31 July 2015 the Group incurred a net loss of $4,793,392 (2014: $8,279,576), had a net cash outflow from operating activities of $1,358,293 (2014: $1,288,086) and a net cash outflow from investing activities of $3,369,463 (2014: $3,262,060). At 31 July 2015, the Group has cash reserves of $2,136,333 (2014: $1,249,552).

Subsequent to year end the Group has successfully obtained a $6 million loan facility (See Note 35).

In order to meet the Group's anticipated construction cost for the Portia processing plant, exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group is dependent on achieving the following:

- Successfully developing the Portia Gold Mine and bringing it into production in July 2016, including achieving the planned processing plant construction cost, production and recovery levels; and
- Raising additional funds as required, including being successful in the recently announced share purchase plan, see Note 35 for further details.

If the Group is unable to successfully complete the above steps, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

3 Segment Information

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Management Team (the chief business decision makers) in assessing performance and in determining the allocation of resources.

The Group's one operational Mine Site, Exploration & Development and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group's operations are all conducted in South Australia.

(b) Segment information

The segment information for the reportable segments for the year ended 31 July 2015 is as follows:

31 July 2015	Mine Operations	Exploration & Development	Corporate	Total
Segment Revenue	-	-	-	-
EBITDA	-	(3,058,485)	(1,437,662)	(4,496,147)
Impairment included in EBITDA	-	(3,319,216)	-	(3,319,216)
Depreciation and Amortisation[1]	24,510	210,549	5,920	240,979
Additions to property, plant & equipment[2]	396,587	2,252,981	4,410	2,653,708
Total Assets	7,863,742	31,239,691	2,926,457	42,029,890
Total Liabilities	2,424,771	770,061	743,756	3,938,588

[1] Mine operations' depreciation was capitalised into Mine development

[2] Excludes transfers between segments

3 Segment Information (cont)

31 July 2014	Mine Operations	Exploration & Development	Corporate	Total
Segment Revenue	-	-	-	-
EBITDA	-	(6,679,384)	(1,448,216)	(8,127,600)
Impairment included in EBITDA	-	(6,579,384)	-	(6,579,384)
Depreciation and Amortisation	-	218,277	6,137	224,414
Additions to property, plant & equipment	-	284,054	3,244	287,298
Total Assets	-	36,048,707	2,338,269	38,386,976
Total Liabilities	-	1,412,394	1,141,251	2,553,645

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
(c) Segment Reconciliation		
Reconciliation of profit/(loss) before income tax expense		
EBITDA	(4,496,147)	(8,127,600)
Depreciation and amortisation	(216,469)	(224,414)
Interest income	81,257	97,002
Finance costs	(60,533)	(24,564)
Profit/(loss) before income tax expense	(4,691,892)	(8,279,576)

4 Loss from Operations

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
(a) Other income		
Other income consists of the following items:		
Deferred income (Government Grant)	388,097	50,000
Interest income – bank deposits	81,257	97,002
Diesel fuel rebates received	23,240	5,020
Gain on disposal of property, plant and equipment	-	41,882
Sundry fees	-	2,223
	492,594	196,127
(b) Loss before income tax has been arrived at after charging the following expenses from continuing operations		
Employee and contractor benefits expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	137,021	114,448
Share-based payments:		
Equity settled share-based payments[1]	129,326	174,547
Other employee and contractor benefits	1,668,409	1,509,562
	1,934,756	1,798,557
Less amounts capitalised	(1,416,164)	(1,350,838)
Total employee benefit expense[2]	518,592	447,719

[1] Equity-settled share-based expense relates to share options granted during the current year and amortisation of share options granted in prior periods. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

[2] This represents employee expenses not capitalised as part of Exploration and Evaluation Expenditure and Mine Development Expenditure.

5 Income Tax

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
(a) Income tax recognised in profit or loss		
The prima facie income tax expense on loss before income tax reconciles to the tax expense in the financial statements as follows:		
Loss before tax	(4,691,892)	(8,279,576)
Income tax calculated at 30%	(1,407,568)	(2,483,873)
Share based payments	71,536	52,364
Non-assessable research and development tax incentive	(116,429)	-
Other	10,836	81,121
Current year revenue tax losses not recognised	1,459,312	1,338,069
Prior year revenue losses de-recognised	83,813	1,012,319
Prior year revenue tax losses recognised	-	-
Tax expense	101,500	-

	31 July 2015 $	31 July 2014 $
(b) Recognised deferred tax assets and (liabilities)		
Deferred tax assets and (liabilities) are attributable to the following:		
Trade and other receivables	-	(582)
Exploration and evaluation expenditure	(10,241,161)	(12,214,479)
Mine development	(1,730,707)	-
Plant and equipment	(114,994)	13,057
Other financial assets	213,744	190,925
Trade and other payables	19,200	44,234
Provisions	141,318	158,479
Site restoration	-	17,756
Deferred income	127,654	135,154
Other	131	120
Share issue costs	157,072	143,781
	(11,427,743)	(11,511,555)
Tax value of losses carried forward	11,427,743	11,511,555
Net deferred tax assets/(liabilities)	-	-
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Revenue tax losses	4,554,563	3,011,438
Capital tax losses	11,407	11,407
	4,565,970	3,022,845

Deferred tax assets have not been recognised in respect of these items because it is not probable, at this time, that future taxable profit will be available against which the Group can utilise the benefits.

	31 July 2015 $	31 July 2014 $
(d) Movement in recognised net deferred tax asset		
Opening balance	-	-
Recognised in equity	101,500	-
Recognised in income	(101,500)	-
Closing balance	-	-

5 Income Tax (cont)

(e) Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Havilah Resources Limited. The members of the tax-consolidated group are identified at Note 32 to the financial statements.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax-funding arrangement and a tax-sharing arrangement with the head entity. Under the terms of the tax-funding arrangement, Havilah Resources Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax-sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax-sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax-funding agreement.

6 Current Assets - Cash and Cash Equivalents

	31 July 2015 $	31 July 2014 $
Cash on hand	65	76
Cash at bank	101,302	34,201
Cash on deposit	2,034,966	1,215,275
	2,136,333	1,249,552

7 Current Trade and Other Receivables

	31 July 2015 $	31 July 2014 $
Other receivable – Research and Development Tax Incentive	-	803,205
GST recoverable	28,050	24,450
Accrued interest receivable	-	2,045
	28,050	829,700

8 Current Assets - Other

	31 July 2015 $	31 July 2014 $
Prepayments	82,768	214,793

9 Non-Current Exploration and Evaluation Expenditure

	31 July 2015 $	31 July 2014 $
Cost brought forward	34,307,596	37,658,365
Costs transferred to mine development	(4,423,059)	-
Expenditure incurred during the year	1,729,500	3,228,615
Exploration expenditure written off [1]	(3,319,216)	(6,579,384)
Cost carried forward	28,294,821	34,307,596

[1] During the year ended 31 July 2015, as a result of the difficult iron ore market conditions, the Directors resolved to write off all the capitalised iron ore exploration expenditure. The amount written off is $3,319,216.

During the year ended 31 July 2014, as a result of uranium exploration activity having ceased and the difficult uranium market conditions, the Directors resolved to write off all the capitalised uranium exploration expenditure. The amount written off is $6,579,384.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective arrears of interest.

10 Mine Development

	31 July 2015 $	31 July 2014 $
Cost brought forward	-	-
Costs transferred from exploration	4,423,059	-
Expenditure incurred during the year	1,345,965	-
Cost carried forward	5,769,024	-

11 Other Financial Assets

	31 July 2015 $	31 July 2014 $
At amortised cost:		
Bank term deposits (Note 25(e))	490,000	490,000
Security deposits	4,830	-
At fair value:		
Available-for-sale financial assets:		
Shares in a listed entity	49,167	108,167
	543,997	598,167

12 Property, Plant and Equipment

	Property at Cost $	Plant and Equipment at cost $	Equipment under finance lease at cost $	Total $
Gross carrying amount				
Balance at 31 July 2013	-	3,519,660	165,000	3,684,660
Additions	-	232,772	54,526	287,298
Transfer	-	165,000	(165,000)	-
Disposals	-	(91,752)	-	(91,752)
Balance at 31 July 2014	-	3,825,680	54,526	3,880,206
Additions	2,241,043	412,665	-	2,653,708
Transfer	-	-	-	-
Disposals	-	(75,000)	-	(75,000)
Balance at 31 July 2015	2,241,043	4,163,345	54,526	6,458,914
Accumulated depreciation/amortisation				
Balance at 31 July 2013	-	2,430,081	103,722	2,533,803
Depreciation/amortisation expense	-	216,752	7,662	224,414
Transfer	-	89,243	(89,243)	-
Disposals	-	(65,179)	-	(65,179)
Balance at 31 July 2014	-	2,670,897	22,141	2,693,038
Depreciation/amortisation expense	-	205,925	10,544	216,469
Capitalised depreciation	-	24,510	-	24,510
Transfer	-	14,479	(14,479)	-
Disposals	-	-	-	-
Balance at 31 July 2015	-	2,915,811	18,206	2,934,017
Net Book Value				
At 31 July 2014	-	1,154,783	32,385	1,187,168
At 31 July 2015	2,241,043	1,247,534	36,320	3,524,897

13 Other Non Current Receivables

	31 July 2015 $	31 July 2014 $
Rehabilitation liability assumed by 3rd party[1]	1,650,000	-

[1] Responsibility for the rehabilitation of the Portia Gold Mine has been assumed by CMC (see Note 18).

14 Current Liabilities - Trade and Other Payables

	31 July 2015 $	31 July 2014 $
Trade payables [1]	307,593	359,401
Accruals	97,843	274,232
Amounts payable to related entities of Directors [1]	24,961	32,816
	430,397	666,449

[1] The average credit period on purchases is 30 days. No interest is charged on payables.

15 Current Liabilities - Borrowings

	31 July 2015 $	31 July 2014 $
Secured:		
Finance lease liability at amortised cost[1] (Note 31)	13,661	12,948
Unsecured:		
Insurance premium funding[2]	90,227	-
	103,888	12,948

[1] Secured by the assets leased. The borrowings are fixed interest rate debt with repayment periods not exceeding 4 years. The current weighted average effective interest rate on the finance lease liabilities is 5.37% (2014: 5.37%).

[2] The borrowing is a fixed interest rate debt with repayment period not exceeding 1 year. Effective interest rate is 4.95% (2014: nil).

16 Current Provisions

	31 July 2015 $	31 July 2014 $
Employee benefits	471,060	504,531
Site restoration[1]	-	59,186
	471,060	563,717

[1] Oban site restoration was completed during the year.

Movement in restoration provision		
Opening balance	59,186	50,000
Additional provision recognised	-	100,000
Restoration work carried out	(14,563)	(90,814)
Provision de-recognised	(44,623)	-
Closing balance	-	59,186

17 Non-Current Liabilities - Borrowings

	31 July 2015 $	31 July 2014 $
Secured:		
Finance lease liability at amortised cost[1] (Note 31)	19,420	33,081

[1] Secured by the assets leased. The borrowings are fixed interest rate debt with repayment periods not exceeding 4 years. The current weighted average effective interest rate on the finance lease liabilities is 5.37% (2014: 5.37%).

18 Non-Current Provisions

	31 July 2015 $	31 July 2014 $
Employee benefits	-	23,732
Rehabilitation provision	1,650,000	-
	1,650,000	23,732

Rehabilitation Provision

The rehabilitation provision represents the expected costs of rehabilitating the Group's exploration and mining operations.

The provision includes an amount of $1,650,000 in respect of rehabilitation obligations in relation to the Group's mining operations at the Portia Gold Mine. This amount has been classified as a non-current liability as it is expected that the mining operations and rehabilitation activities at Portia will be substantially completed after twelve months of reporting date.

Under the terms of the mining and funding contract for the Portia Gold Mine between the Group and Consolidated Mining & Civil Pty Ltd (CMC), CMC is responsible for undertaking the rehabilitation activities at its own cost (see Note 25(e)).

On the basis of CMC's obligations, the Group has recognised an Other Non Current Receivable asset of $1,650,000 (see Note 13).

19 Non-Current Liabilities - Other

	31 July 2015 $	31 July 2014 $
Deferred income [1]	1,263,823	1,253,718

[1] Government grants received for exploration and research and development activities.

20 Issued Capital

	Year ended 31 July 2015		Year ended 31 July 2014	
	Number	$	Number	$
Balance at beginning of the financial year	120,334,034	52,328,811	120,333,381	52,328,427
Issue of shares pursuant to rights issue prospectus dated 23 July 2014 at $0.14 per share	30,084,206	4,211,789	-	-
Issue of shares pursuant to rights issue over-subscription at $0.14 per share	5,957,139	834,000	-	-
Issue of shares pursuant to placement at $0.25 per share	8,000,000	2,000,000	-	-
Issue of shares on exercise of listed share options	13,178	3,953	653	384
Costs associated with issue of shares	-	(338,334)	-	-
Related income tax	-	101,500	-	-
Balance at the end of the financial year	164,388,557	59,141,719	120,334,034	52,328,811

The Company does not have a limited amount of authorised capital and issued shares have no par value.
Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Listed share options

As a result of the rights issue during the year, 36,041,345 listed share options with an exercise price of $0.30 which expired on 31 July 2017 were issued for no consideration. During the year, 13,178 options were exercised, resulting in a total of 36,028,167 being on issue at 31 July 2015.

The Group had no listed share options as at 31 July 2014.

Unlisted share options

Share options have been issued to Directors, Key Management Personnel, employees, and contractors (refer Note 30 to the financial statements for details).

In addition to the above unlisted share options:

- On 16 January 2015 500,000 unlisted options, 250,000 of which are exercisable at $0.21 per share and 250,000 at $0.28 per share, were issued to a service provider. The options are exercisable at any time up to 30 June 2017. The share options carry no rights to dividends and have no voting rights. As at 31 July 2015 none of these options have been exercised.
- On 23 July 2015 500,000 unlisted share options exercisable at $0.54 per share, were issued to a service provider. The options are exercisable at any time up to 30 June 2018. The share options carry no rights to dividends and have no voting rights. As at 31 July 2015 none of these options have been exercised.

21 Reserves

	31 July 2015 $	31 July 2014 $
Share option reserve	635,750	11,745,066
Buy-out reserve	(2,599,798)	(2,599,798)
	(1,964,048)	9,145,268

The share option reserve arises on the grant of unlisted share options. Amounts are transferred out of this reserve and into issued capital when the share options are exercised or to accumulated losses when the share options lapsed. Further information about share-based payments to Directors, Key Management Personnel, employees, and contractors is made in Note 30 to the financial statements.

The buy-out reserve resulted from the purchase of Curnamona Energy Pty Limited's and Geothermal Resources Pty Limited's non-controlling interests by Havilah Resources Limited and represents the difference between the consideration paid and the carrying value of the non-controlling interest.

22 Directors and Key Management Personnel Compensation

The key management personnel of the Group during the year were:

- Dr Chris Giles (Managing Director)
- Mr Paul Mertin (Independent Non-Executive Director)
- Mr Ken Williams (Independent Non-Executive Chairman)
- Mr Walter Richards (Chief Financial Officer & Company Secretary)

The aggregate compensation of Key Management Personnel of the Group is set out below:

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
Short-term employee benefits[1]	533,406	370,729
Share-based expense[2]	60,546	71,554
	593,952	442,283

[1] Where short term employee benefits relate to exploration activities, they are capitalised as part of exploration and evaluation expenditure (Note 9).

[2] Share-based expense relates to share options granted during the year to Directors and Key Management Personnel and amortisation of share options granted in prior periods. Share options do not represent cash payments and share options granted may or may not be exercised by the holder.

23 Remuneration of Auditor

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
Audit and review of the financial reports	85,513	64,500
Tax services	-	21,045
	85,513	85,545

The auditor of Havilah Resources Limited is Deloitte Touche Tohmatsu.

24 Related Party Disclosures

a) Equity interests in related parties

Equity interest in subsidiaries:

Details of the percentage of ordinary shares in subsidiaries are disclosed in Note 32 to the financial statements.

b) Directors and Key Management Personnel compensation

Details of Directors and Key Management Personnel compensation are disclosed in Note 22 to the financial statements.

c) Transactions with Directors and related entities

During the year related entities of certain Directors provided administration services and drilling services to the Group on normal commercial terms and conditions totalling $4,800 (2014: $133,634).

No amounts are outstanding at the end of the year in relation to the below services.

Details of the amounts paid by Havilah are set out below.

	Type of Service	Amount Year ended 2015 $	Amount Year ended 2014 $	Terms and Conditions
C W Giles	Office rent	4,800	4,800	Rental of external office and equipment.
K R Johnson[1]	Drilling plant hire and services	-	67,150	Drilling services and sample preparation services are charged at various rates per metre ($17 to $40) and various hourly rates ($60 to $340).
	Administration	-	43,287	$14,429 per month, for the provision of office space, general administration and accounting services.
	General services	-	9,530	Purchase of sundry computer hardware and provision of employee mobile phone plans and benefits.
	Consultancy	-	8,867	Consulting services are charged at a daily rate of $2,000.

[1] Fees charged for the period to 31 October 2013 prior to Dr Bob Johnson retiring as a Director.

25 Commitments for Expenditure and Contingent Liabilities

a) Exploration Expenditure Commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money, known as Exploration Expenditure Commitments, on mineral exploration tenements it holds.

The Exploration Expenditure Commitments of the Group will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences, and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Group.

During the prior year Havilah Resources Limited signed an Amalgamated Expenditure Agreement with the Department of State Development of South Australia (the regulator of exploration tenements in the state) covering all its mineral exploration tenements (excluding ELs 4275, 4416, 5260, 5396, and 5448). This agreement covers a period of 2 years from 1 January 2014 with an agreed overall expenditure commitment across the relevant tenements of $7.3 million for that period in order to keep the tenements in good standing. As of 31 July 2015, the Group has already spent $8.0 million, including the amount spent by MMGE (see Note 33 for details), with respect to this commitment.

The minimum expenditure commitment related to exploration tenements not covered within the next 2 years by the Amalgamated Expenditure Agreement (as discussed above) and all of the tenements later than two years but not later than five years as at the balance sheet date not provided for in the financial statements are approximately:

	31 July 2015 $	31 July 2014 $
No later than one year	849,000	209,000
Later than one year but not later than two years	2,135,000	3,901,000
Later than two years but not later than five years	998,000	128,000

b) Future Production

The Group has a contingent liability in relation to payments to Glencore International AG, that are required to be paid based on 10% of the Group's share of any future mining profits from the Kalkaroo Copper-Gold Project, until the total paid reaches $7.0 million.

25 Commitments for Expenditure and Contingent Liabilities (cont)

c) Consultancy and Management Services Agreements

The Group has entered into a consultancy agreement with a related entity of Dr Chris Giles:

Director	Type	Details	Term
C W Giles	Consultancy	Minimum of 1,600 hours per annum at $153,492 per annum to January 2014 then $174,984 per annum and additional hours at $100 per hour.	Two years from 21 March 2014.

The Group has a management service agreement for the provision of office space and administrative support at an annual charge of $173,150. This agreement expires on 21 March 2016.

Should the above two agreements be terminated at an earlier date, a contingency exists for the contracted amount payable to the end of the term. As at 31 July 2015 the Group had a contingent liability in relation to these agreements of $232,089 (2014: $580,224). The agreements may be terminated by the service provider giving one month's notice.

d) Native Title

Native title claims exist over some tenements in South Australia in which the Group has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects.

e) Guarantee and Indemnity Commitments

The Group has provided an unconditional irrevocable bank guarantee for the rehabilitation of the Portia Gold Mine for $1,954,000 to the Minister for Mineral Resource Development. CMC has provided an unconditional irrevocable bank guarantee to the Group's bankers in support of the Group's guarantee.

The Group has provided restricted cash deposits of $490,000 as security for the following unconditional irrevocable bank guarantees:

- A rehabilitation bond issued by Oban Energy Pty Limited for $300,000 to the Minister for Mineral Resource Development;
- A rehabilitation bond issued by Geothermal Resources Pty Limited for $100,000 to the Minister for Mineral Resource Development;
- A bank guarantee facility of $50,000 provided to Havilah Resources Limited by its banker for the provision of various rehabilitation bonds to the Minister for Mineral Resource Development. The facility is currently drawn to $30,000;
- Security of $10,000 for a purchase card facility provided to the Group by its banker;
- A rehabilitation bond issued by Mutooroo Metals Pty Limited for $10,000 to the Minister for Mineral Resource Development;
- A rehabilitation bond issued by Maldorky Iron Pty Limited for $10,000 to the Minister for Mineral Resource Development; and
- A rehabilitation bond issued by Lilydale Iron Pty Limited for $10,000 to the Minister for Mineral Resource Development.

26 Earnings per Share

	Year ended 31 July 2015 Cents per Share	Year ended 31 July 2014 Cents per Share
Basic earnings per share – from continuing operations	(3.1)	(6.9)
Diluted earnings per share – from continuing operations	(3.1)	(6.9)

Basic and Diluted Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended 31 July 2015	Year ended 31 July 2014
Net loss for the year	(4,793,392)	(8,279,576)

Earnings used in the calculation of basic and diluted earnings per share agree directly to the net loss attributable to members of the parent entity in the statement of comprehensive income.

	2015 Number	2014 Number
Weighted average number of ordinary shares	153,640,451	120,333,913

The number of ordinary shares used in the calculation of diluted earnings per share is the same as the number used in the calculation of basic earnings per share, as share options are not considered dilutive.

26 Earnings per Share (cont)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for purposes of diluted earnings per share:

	2015 Number	2014 Number
Listed share options	36,028,167	-
Unlisted share options	5,352,000	11,452,000
	41,380,167	11,452,000

27 Company Status

Havilah Resources Limited is a public company incorporated and operating in Australia.

28 Financial Instruments

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 15 and 17, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities the Directors believe that the most advantageous way to fund activities is through equity and secured borrowings. The Group's activities are monitored to ensure that adequate funds are available.

	31 July 2015 $	31 July 2014 $
Categories of financial instruments:		
Financial assets		
Cash and cash equivalents	2,136,333	1,249,552
Current receivables	28,050	829,700
Bank deposits	490,000	490,000
Available for sale investments	49,167	108,167
Security deposits	4,830	-
Financial liabilities		
Amortised cost	553,705	712,478

Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher or lower throughout the year and all other variables were held constant, the Group's net loss would decrease/increase by $10,915 (2014: $20,103). This is attributable to interest rates on bank deposits.

The Group's sensitivity to interest rates has not changed significantly from the prior year.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. At reporting date, if the equity prices had been 5% higher or lower, the Group's net loss would decrease/increase by $3,933 (2014: $6,883).

The Group's sensitivity to equity prices has not changed significantly from the prior year.

28 Financial Instruments (cont)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than deposits with the Group's banker. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one year $	One to two years $	Two to five years $
2015				
Non-interest bearing	-	430,397	-	-
Fixed interest rate instruments	5.07%	109,948	15,108	4,974
2014				
Non-interest bearing	-	666,449	-	-
Fixed interest rate instruments	5.37%	15,108	15,108	20,144

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The fair value of the financial assets and financial liabilities are not materially different to its carrying amount.

29 Notes to the Statement of Cash Flows

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
a) Reconciliation of loss to net cash used in operating activities		
Loss for the year	(4,793,392)	(8,279,576)
Capitalised exploration expenditure written off	3,319,216	6,579,384
Depreciation and amortisation	216,469	224,414
Equity settled share based payments	238,451	174,547
Impairment of other financial assets	59,000	59,000
Interest revenue	(81,257)	(97,002)
Deferred income from government grant written off	(388,097)	(50,000)
Loss/(Gain) on sale of property, plant and equipment	75,000	(41,882)
(Increase)/decrease in assets:		
Trade and other receivables	(3,600)	10,401
Other assets	256,178	(172,931)
Deferred tax assets	101,500	-
Increase/(decrease) in liabilities:		
Trade and other payables	(241,372)	223,591
Provisions	(116,389)	81,968
Net cash used in operating activities	(1,358,293)	(1,288,086)

29 Notes to the Statement of Cash Flows (cont)

	Year ended 31 July 2015 $	Year ended 31 July 2014 $
b) Reconciliation of cash		
Cash on hand	65	76
Cash at bank	101,302	34,201
Cash on deposit	2,034,966	1,215,275
	2,136,333	1,249,552

c) Non-cash transactions

During the current year the Group obtained insurance premium funding of $135,292 and vendor finance of $1,050,000 in relation to the acquisition of the Kalkaroo Station. The vendor financing has been repaid in the year. During the prior year the Group acquired $54,526 of plant and equipment under a finance lease. These non-cash investing activities are not reflected in the Statement of Cash Flows.

30 Share Option Plans for Directors and Employees

The Group has ownership-based remuneration schemes (share options) for Directors, employees and contractors. The share options are not listed, carry no rights to dividends, and have no voting rights.

Employee Share Option Plan

The Group has established an employee share option plan for Havilah. In accordance with the provisions of the plan, Directors may issue share options to purchase shares to employees and contractors. Each share option is to subscribe for one fully paid ordinary share in the Company. Share options can be exercised in the year of vesting and share options not exercised during a particular year will accumulate and may be exercised in subsequent years until their expiry.

- Consideration of $1.00 (in total) is payable by the recipient on receipt of share options issued;
- The share options are issued at an issue price 45% above the volume weighted average share price for five consecutive trading days at the time the share option is granted;
- The share options have various time and/or performance related vesting conditions; and
- The share options expire at the earlier of either three or four years from issue date or one month from the date the share option holder ceases to be an employee of the Company.

On 15 September 2014, 100,000 share options were issued to an employee with an exercise price of $0.22. On 26 June 2015, 100,000 share options were issued to an employee with an exercise price of $0.38. Provided the individuals are an employee of the Group as follows:

- 100,000 are exercisable in whole or in part, once certain performance conditions have been met any time before 18 August 2017;
- 25,000 are exercisable in whole or in part any time before 1 May 2019;
- 25,000 are exercisable in whole or in part from 1 May 2016 to any time before 1 May 2019;
- 25,000 are exercisable in whole or in part from 1 May 2017 to any time before 1 May 2019; and
- 25,000 are exercisable in whole or in part from 1 May 2018 to any time before 1 May 2019.

The following share-based payments were in existence during the current and comparative reporting periods:

Share option series	Number	Issue date	Expiry date	Exercise price $	Fair value of each share option at issue date $
Employee share option plan					
Issued 23 November 2010	1,100,000	23 November 2010	20 November 2014	0.96	0.26
Issued 27 May 2011	560,000	27 May 2011	27 May 2014	0.76	0.13
Issued 27 May 2011	200,000	27 May 2011	27 May 2015	0.76	0.21
Issued 23 February 2012	400,000	23 February 2012	23 February 2016	0.98	0.25
Issued 25 June 2012	250,000	25 June 2012	25 June 2016	1.09	0.40
Issued 25 June 2012	352,000	25 June 2012	25 June 2016	1.09	0.29
Issued 1 April 2014	1,200,000	1 April 2014	1 April 2018	0.36	0.11
Issued 25 June 2014	2,150,000	25 June 2014	25 June 2018	0.25	0.07
Issued 15 September 2014	100,000	26 September 2014	18 August 2017	0.22	0.15
Issued 26 June 2015	100,000	29 June 2015	1 May 2019	0.38	0.11
Director share options					
Issued 23 November 2010	6,000,000	23 November 2010	20 November 2014	0.96	0.23
Issued 26 November 2012[1]	1,000,000	26 November 2012	26 November 2016	0.96	0.11
Issued 26 November 2012[1]	2,000,000	26 November 2012	26 November 2016	0.68	0.15

[1] Cancelled during year ended 31 July 2014.

30 Share Option Plans for Directors and Employees (cont)

The share options issued by Havilah were priced using the Black-Scholes model.

Set out below are the inputs used in the Black-Scholes model to value share options granted during the current and comparative reporting period:

	26 June 2015	15 September 2014	25 June 2014	1 April 2014
Issue date share price	$0.25	$0.12	$0.17	$0.25
Exercise price	$0.38	$0.22	$0.25	$0.36
Expected volatility	94.2%	91.1%	79.0%	84.8%
Share option life	4 years	3 years	4 years	4 years
Dividend yield	-	-	-	-
Risk free interest rate	2.25%	2.50%	2.50%	2.50%

The following reconciles the outstanding share options granted to employees and Directors at the beginning and end of the financial year:

	Year ended 31 July 2015		Year ended 31 July 2014	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Balance at beginning of the financial year	11,452,000	0.77	11,962,000	0.90
Issued during the financial year	200,000	0.30	3,350,000	0.29
Cancelled or forfeited during the financial year	-	-	(3,200,000)	0.79
Expired during the financial year	(7,300,000)	0.96	(660,000)	0.71
Balance at end of financial year	4,352,000	0.43	11,452,000	0.77
Exercisable at end of financial year	2,485,331	0.48	6,201,500	0.80

Issue date	Number	Exercise price	Expiry date
23 February 2012	200,000	$0.98	23 February 2016
25 June 2012	250,000	$1.09	25 June 2016
25 June 2012	352,000	$1.09	25 June 2016
1 April 2014	1,200,000	$0.36	1 April 2018
25 June 2014	2,150,000	$0.25	25 June 2018
15 September 2014	100,000	$0.22	18 August 2017
26 June 2015	100,000	$0.38	1 May 2019
	4,352,000		

The share options outstanding at the end of the financial year had an average exercise price of $0.43 (2014: $0.77) and a weighted average remaining contractual life of 897 days (2014: 527 days).

31 Leases

Finance lease arrangements relate to plant and equipment with a term of four years.

	Minimum future lease payments		Present value of minimum future lease payments	
	2015 $	2014 $	2015 $	2014 $
Not later than one year	15,108	15,108	13,661	12,948
Later than one year and not later than 5 years	20,082	35,252	19,420	33,081
Minimum lease payments	35,190	50,360	33,081	46,029
Less future finance charges	(2,109)	(4,331)	-	-
Present value of minimum lease payments	33,081	46,029	33,081	46,029

Included in the financial statements as:

	2015	2014
Current interest bearing liabilities (Note 15)	13,661	12,948
Non-current interest bearing liabilities (Note 17)	19,420	33,081
Total	33,081	46,029

32 Composition of the Group

Name of entity	Country of incorporation	Principal activity	Ownership interest 2015 %	Ownership interest 2014 %
Parent entity				
Havilah Resources Limited	Australia	Holding company and owner of various exploration licences		
Subsidiaries				
Benagerie Gold Pty Limited	Australia	Owner of the Portia gold project and the North Portia copper-gold project (Mining Lease granted)	100%	100%
Curnamona Energy Pty Limited	Australia	Owner of Oban Energy Pty Limited and various uranium exploration licences	100%	100%
Geothermal Resources Pty Limited	Australia	Owner of Neo Oil Pty Ltd and various geothermal exploration licences	100%	100%
Kalkaroo Copper Pty Ltd	Australia	Owner of the Kalkaroo copper-gold project (Mining Lease application in process)	100%	100%
Kalkaroo Pastoral Company Pty Limited	Australia	Owner of the Kalkaroo Station pastoral lease	100%	100%
Lilydale Iron Pty Ltd	Australia	Owner of Lilydale iron ore project (Mining Lease application in process)	100%	100%
Maldorky Iron Pty Ltd	Australia	Owner of the Maldorky iron ore project (Mining Lease application in process)	100%	100%
Mutooroo Metals Pty Ltd	Australia	Owner of the Mutooroo copper-cobalt project (Mining Lease application in process)	100%	100%
Neo Oil Pty Ltd	Australia	Back-in interest right on petroleum exploration licence	100%	100%
Oban Energy Pty Limited	Australia	Owner of the Oban uranium project	100%	100%

All the entities listed in the table above are members of the tax-consolidated group.

33 Joint Operation and Joint Venture Arrangements

a) Joint operation arrangement

Portia Gold Mine Joint Operation with Consolidated Mining & Civil Pty Ltd

On 6 January 2015 the Group entered into a mining and processing agreement with Consolidated Mining & Civil Pty Ltd (CMC) to develop the Portia Gold Mine.

CMC will be responsible for funding and performing mining operations and delivery of the gold ore to the surface stockpile at its sole expense and risk. The Group will be responsible for the construction of the processing plant, processing the ore and producing gold ingots for delivery to a refiner at its sole expense. Revenue (or physical gold) will be shared 50:50 for all gravity recoverable gold mined from the Portia gold deposit. A joint operating committee, chaired by the Group, will oversee the operation and receive and consider operational reports, with day to day mining activities being the responsibility of CMC. A bank guarantee has been provided by CMC in support of the Group meeting its rehabilitation bond requirement set by the Minister for Mineral Resource Development and is responsible for all site rehabilitation. The Group will be responsible for access payments to the landholder and to the Adnyamathanha native title claimants. Both parties will be jointly responsible for payment of a 1% revenue royalty to a previous corporate owner of the deposit, the State Government royalty and gold refining costs.

b) Joint venture arrangements

The Group's interests in unincorporated joint venture arrangements were as follows:

	Year ended 31 July 2015	Year ended 31 July 2014
Exco Joint Venture	Earning up to 75%	Earning up to 75%
Prospect Hill Joint Venture	Earning up to 85%	Earning up to 85%
MMG Joint Venture	Surrendering up to 60%[1]	Surrendering up to 60%[1]
Pernatty Lagoon Joint Venture	Surrendering up to 90%	Surrendering up to 90%

[1] Related only to new discoveries that are developed by MMG Exploration Pty Ltd.

33 Joint Operations (cont)

Exco joint venture agreement with Exco Operations (SA) Ltd and Polymetals (White Dam) Pty Ltd

On 21 November 2011 the Group entered into a farm-in agreement (Agreement) with Exco Operations (SA) Ltd and Polymetals (White Dam) Pty Ltd relating to exploration on EL5393 (formally EL4200). The Group will earn a participating interest in the rights to iron ore and other minerals occurring with the iron ore which may exist on the tenement under the agreement.

The Group will undertake an exploration program on the tenement over a three year period from 21 November 2011 with a minimum total expenditure of $1.2 million, which will give the Group a 75% interest in any future development of the project or a higher interest if the partners elect not to contribute to future expenditure.

Due to land access issues in relation to Part 9B of the South Australia Mining Act of 1971 the Group has been prevented from meeting its farm-in obligation by 21 November 2014 as required by the Agreement. The parties have agreed to amend the Agreement by extending the date for completion of the expenditure commitment from 21 November 2014 to a date being six months after the date on which the exploration approvals are granted by the Department of State Development. As of 30 October 2015 this approval has not yet been obtained.

As at 31 July 2015 the Group has spent $0.9 million under the Agreement.

Prospect Hill joint venture agreement with Teale and Associates Pty Ltd and Adrian Brewer

On 26 March 2007 the Group entered into a farm-in agreement (Agreement) with Teale and Associates Pty Ltd and Adrian Brewer relating to exploration on EL4806 (formerly EL3605) that allowed the Group to earn a participating interest in the tenement.

The Group undertook to fund an exploration program exceeding $0.5 million on the tenement over a three year period from 26 March 2007 in order to earn a 65% interest in the tenement, and this has been met. The Group is able to earn an additional 20% interest in the tenement by completing a bankable feasibility study.

As at 31 July 2015 the Group has spent $0.7 million under the Agreement.

Option and joint venture agreement with MMG Exploration Pty Ltd

On 6 September 2011 the Group signed an Option and Joint Venture Agreement (Agreement) with MMG Exploration Pty Ltd (MMGE), a subsidiary of MMG Limited, relating to exploration on all the Group's Curnamona Craton exploration licences lying north of the Barrier Highway. The Agreement excludes Kalkaroo EL4645 and ML6346 covering the Portia and North Portia deposits.

Under the Agreement MMGE is required to spend an amount of $12.0 million over a period of five years (ending on 11 November 2016) on exploration work, which entitles MMGE to secure a 60% participating interest in any potential development projects that it identifies within the exploration licences, and this has been met. MMGE is required to spend a minimum of $3.0 million on exploration prior to withdrawal, and this has been met.

The Group will retain 100% ownership of the exploration licences and may continue with exploration of them on its own account. During the term of the Agreement the Group will be obliged to offer MMGE a 60% participating interest in any new discoveries it makes for which it is seeking a development partner. In the event MMGE elects to participate in a Group discovery, MMGE will reimburse the Group twice its verifiable exploration expenditure.

A development project will be operated under a normal joint venture arrangement in which the Group will have the opportunity to either contribute to maintain its 40% participating interest, or dilute to a 20% project interest carried through to the mine development stage.

As at 31 July 2015 MMGE has spent $13.7 million under the Agreement.

Pernatty Lagoon joint venture agreement with Red Metal Limited

On 15 October 2004 the Group entered into a farm-in agreement (Agreement) with Red Metal Limited (RML) relating to exploration on EL5107 (formerly EL2979).

Under the Agreement RML is required to spend an amount of $1.0 million over a period of five years (ending on 15 October 2009) on exploration work, which entitles RML to secure a 70% interest in the tenement. RML is required to spend a minimum of $0.1 million on exploration prior to withdrawal, and this has been met.

RML has secured a 70% interest in the tenement and the Group has elected to not contribute to further exploration expenditure which has diluted its interest further. Once the interest of the group is diluted to 10% then the Group shall either convert its interest into a 10% carried interest or exchange its interest into a right to receive a net smelter royalty which is determined depending on metal prices.

As at 31 July 2015 RML has spent $3.1 million under the Agreement and the Group has been diluted to 13.3%.

34 Parent Entity Information

	31 July 2015 $	31 July 2014 $
Financial position		
Assets		
Current assets	2,247,149	2,310,211
Non-current assets	51,111,065	48,545,859
Total assets	53,358,214	50,856,070
Liabilities		
Current liabilities	918,319	1,040,096
Non-current liabilities	14,348,593	13,982,643
Total liabilities	15,266,912	15,022,739
Equity		
Issued capital	59,141,719	52,328,811
Reserves	635,749	9,891,041
Accumulated losses	(21,686,166)	(26,386,521)
Total equity	38,091,302	35,833,331
Financial performance		
Loss for the year	(4,793,035)	(8,134,576)
Other comprehensive income	-	-
Total comprehensive income	(4,793,035)	(8,134,576)

Commitments for expenditure and contingent liabilities

Exploration expenditure commitments

The Exploration Expenditure Commitments are similar to that of the Group as detailed in Note 25(a).

Consultancy and management services agreements

Should the consultancy and management agreements as detailed in Note 25(c) be terminated at an earlier date, a contingency exists for the contracted amount payable to the end of the term. As at 31 July 2015 the Company had a contingent liability in relation to these agreements of $232,089 (2014: $580,224).

Native title

Native title claims exist over some tenements in South Australia in which the Company has interests. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects.

35 Subsequent Events

On 24 September 2015 Havilah announced that it and Investec Group (Investec) have executed the documentation related to the offer from Investec for a $6 million Loan Facility and Risk Management Facility (Facility). This Facility includes hedging of 10,000 ounces of gold production from the Portia Gold mine. The Facility is secured by a mortgage over the Portia Mining Lease and by Havilah Resources Limited's shareholding in Benagerie Gold Pty Limited. The Facility is to be repaid in full by 23 March 2017.

On 12 October 2015 Havilah announced a Share Purchase Plan (SPP) for shareholders to subscribe up to $15,000 in Havilah ordinary shares per eligible shareholder at the offer price of $0.25 per share. The SPP closes on 6 November 2015.

On 30 October 2015 Havilah announced that it has hedged 10,000 ounces of gold production from the Portia Gold Mine at an average price of $1,618.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Director's Declaration

In the opinion of the Directors of Havilah Resources Limited:

The consolidated financial statements and notes of Havilah Resources Limited are in accordance with the Corporations Act 2001, including

i) Giving a true and fair view of its financial position as at 31 July 2015 and of its performance for the financial year ended on that date; and

ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

There are reasonable grounds to believe that Havilah Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 31 July 2015.

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Ken Williams
Chairman

30 October 2015
Adelaide

Auditor’s Independence Declaration and Report

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 8 8407 7000
Fax: +61 8 8407 7001
www.deloitte.com.au

The Board of Directors
Havilah Resources Limited
31 Flemington Street
GLENSIDE SA 5065

30 October 2015

Dear Board Members

Havilah Resources Limited

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Havilah Resources Limited.

As lead audit partner for the audit of the financial statements of Havilah Resources Limited for the financial year ended 31 July 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 8 8407 7000
Fax: +61 8 8407 7001
www.deloitte.com.au

Independent Auditor’s Report
to the members of Havilah Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Havilah Resources Limited which comprises the statement of profit or loss and other comprehensive income, the statement of financial position as at 31 July 2015, the statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity, comprising the company and the entities it controlled at the year’s end or from time to time during the financial year as set out on pages 30 to 58.

Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Independent Auditor's Report (cont)

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Havilah Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Havilah Resources Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 July 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that for year ended 31 July 2015 the consolidated entity incurred a net loss of $4,793,392 (31 July 2014 $8,279,576), had a net cash outflow from operating activities of $1,358,293 (31 July 2014 $1,288,086) and a net cash outflow from investing activities of $3,369,463 (31 July 2014: $3,262,060). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and therefore the company and the consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 26 of the directors' report for the year ended 31 July 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Havilah Resources Limited for the year ended 31 July 2015, complies with section 300A of the Corporations Act 2001.

DELOITTE TOUCHE TOHMATSU

S T Harvey
Partner
Chartered Accountants
Adelaide, 30 October 2015

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited.

Additional Stock Exchange Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 26 October 2015.

Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of shares
Mrs Selvie Tjowasi	17,435,718
First Names (Jersey) Limited (formerly known as IFG Trust Limited)	16,955,425
Trindal Pty Ltd	16,336,931
Glencopper SA Pty Ltd	10,153,756

Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Listed and Unlisted Options: No voting rights.

Ordinary shares (HAV)		
Twenty largest shareholders	**Number held**	**Percentage of issued shares**
MRS SELVIE TJOWASI	17,435,718	10.61
TRINDAL PTY LTD	16,336,931	9.94
IFG TRUST LIMITED	12,090,530	7.35
GLENCOPPER SA PTY LTD	10,153,756	6.18
MR DENNY SUNANDAR	7,339,285	4.46
MR PAUL CLARK	5,262,000	3.20
STATSMIN NOMINEES PTY LTD	4,556,346	2.77
WOOLSTHORPE INVESTMENTS LIMITED	4,320,342	2.63
MMR EXPLORATION LIMITED	4,000,000	2.43
ROCKLAND PTY LTD	3,951,800	2.40
ACN 154 402 927 PTY LTD	3,500,000	2.13
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,669,018	1.62
MR ROBERT BLACK + MRS ROBYN BLACK	2,156,050	1.31
MR BRIAN KENNETH MURPHY	2,100,000	1.28
DIANNE PEARL INVESTMENTS PTY LTD	2,049,181	1.25
DR KEITH ROBERT JOHNSON	1,650,000	1.00
TUSCULUM PTY LTD	1,500,000	0.91
MISS KRYSTYNA HELENA KASPEROWICZ	1,400,000	0.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,060,615	0.65
MR MICHAEL MORNANE STUTT	1,004,649	0.61
	104,536,221	**63.59**

Additional Stock Exchange Information (cont)

Distribution of Equity Security Holders

Holding	Ordinary shares	Listed options
1 - 1,000	749	188
1,001 - 5,000	928	216
5,001 - 10,000	410	77
10,001 - 100,000	767	134
100,001 - 1,000,000	124	29
1,000,001 and over	24	4
	3,002	**648**

There were 1,150 holders of less than a marketable parcel of ordinary shares.

Listed options (HAVO)		
Twenty largest shareholders	**Number held**	**Percentage of listed options**
MRS SELVIE TJOWASI	11,530,001	32.00
MR DENNY SUNANDAR	4,439,285	12.32
TRINDAL PTY LTD	3,267,388	9.07
IFG TRUST LIMITED	2,418,107	6.71
MR PAUL CLARK	1,000,000	2.78
STATSMIN NOMINEES PTY LTD	923,371	2.56
WOOLSTHORPE INVESTMENTS LIMITED	864,069	2.40
MR WALTER RICHARDS + MRS ANNELI RICHARDS	522,797	1.45
MRS MELISSA KATE JOHNSON	500,000	1.39
MR BRIAN KENNETH MURPHY	406,609	1.13
MR CRAIG RAYMOND	375,721	1.04
CITICORP NOMINEES PTY LIMITED	365,355	1.01
DR KEITH ROBERT JOHNSON	357,355	0.99
MR MATTHEW JOHN GARNETT + MRS ANNETT MARIE O'BRIEN	300,000	0.83
MISS KRYSTYNA HELENA KASPEROWICZ	300,000	0.83
TUSCULUM PTY LTD	300,000	0.83
MR JAMES KELLY + MRS MELISSA KELLY	276,032	0.77
MR PETER JOHN BAXTER	275,723	0.77
LMPACB PTY LTD	258,148	0.72
J P MORGAN NOMINEES AUSTRALIA LIMITED	254,224	0.71
	28,634,185	**79.48**

Unissued equity securities

Unlisted options – Director Share Option Plan	-
Unlisted options – Employee Share Option Plan	4,352,000
Unlisted options – Service Providers	1,000,000

Securities exchange

The Company is listed on the Australian Securities Exchange.

Community Support

The mighty Lakeyres football team, runners up in the SA Aboriginal Sporting Festival

Havilah has keenly supported local communities and aboriginal groups in the catchment area of its operations, most notably the Port Augusta based Lakeyres football, cricket and netball teams, to encourage the participation of indigenous youth in healthy sporting activities.

ANNUAL REPORT 2015

Havilah Resources

A New Mining Force in South Australia