Havilah Resources

A New Mining Force in South Australia

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL HALF-YEAR ENDED
31 JANUARY 2016

Office Holders

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

Registered and Principal Office

31 Flemington Street Glenside South Australia 5065

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

Stock Exchange Listing

Havilah Resources Limited's (HAV) shares are listed on the Australian Securities Exchange.

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.

Contents

Directors' Report
For the Financial Half-Year Ended 31 January 2016

The Board of Directors submits herewith the Interim Financial Report of Havilah Resources Limited (the 'Company') and its subsidiaries (the 'Group') for the financial half-year ended 31 January 2016 (the 'financial half-year').

Board of Directors

The names of the Directors of the Company during the financial half-year and up to the date of this Directors' Report are set out below:

Kenneth (Ken) Williams	Independent Non-Executive Chairman
Christopher (Chris) Giles	Managing Director
Paul Mertin	Independent Non-Executive Director

Highlights - Group Operations

- Implemented an accelerated mining plan for the Portia Gold Mine to deliver first gold ore to surface by early April 2016.
- Commenced a fast-tracked study to investigate the feasibility of mining the North Portia Copper-Gold Project following Portia.

Highlights - Corporate Activity

- Raised $0.507 million from the pre-sale of 300 ounces of gold at a price of $1,691.
- Raised $0.938 million, before costs, from a Share Purchase Plan.
- Finalised the Investec $6.000 million Loan and Risk Management Facility, which included the hedging of 10,000 ounces of gold at an average price of $1,618 per oz.

Review of Operations

Financial Performance Summary

Key Business Metrics	31 January 2016 $ '000	31 January 2015 $ '000	% Change
Total Revenue	-	-	-
Cost of sales (excluding D&A[1])	-	-	-
Corporate, admin, exploration and other costs (excluding D&A[1])	(759)	(645)	18%
Exploration and evaluation impairment loss	-	(3,854)	(100%)
EBITDA[2]	(748)	(4,493)	(83%)
Report Net Loss	**(838)**	**(4,632)**	**(82%)**
Capitalised expenditure for the six months:			
Property, plant and equipment	16	2,247	(99%)
Construction in progress - plant	1,501	-	100%
Mine development expenditure	518	-	100%
Exploration & evaluation expenditure	949	1,685	(44%)
Total capitalised expenditure for the six months:	**2,984**	**3,932**	**(24%)**

[1] Depreciation and amortisation ('D&A')
[2] EBITDA is non-IFRS financial information and is not subject to audit.

Advanced Projects:

Portia Gold Project

Work at the Portia Gold Mine was focussed on overburden removal and preparations for construction of the processing plant. During this period the Company, with its mining contract partner Consolidated Mining & Civil Pty Ltd ('CMC'), implemented a plan to accelerate mining and delivery of first gold ore to surface. Mining of the open pit proceeded in accordance with the revised mining plan and subsequent to the end of this period approximately ten thousand tonnes of high grade ore was mined and stockpiled on the ore pad adjacent to the processing plant three and a half months ahead of the original schedule. Construction of the processing plant is progressing as planned with the expectation of start-up and commissioning commencing around the middle of April 2016.

Directors' Report (Continued)
For the Financial Half-Year Ended 31 January 2016

North Portia Copper-Gold Project

The Company completed a resource upgrade drilling program at North Portia. The current drilling and metallurgical work at North Portia forms part of a fast-tracked feasibility study aiming to determine the economic viability of mining the upper oxidised portion of the North Portia deposit as a sequential follow on operation from the Portia Gold Mine.

Kalkaroo Copper-Gold Project

The final response document to the Department of State Development ('DSD') written comments in support of the Mining Lease ('ML') application over the Kalkaroo copper-gold deposit was submitted in November 2015. The ML application is now being progressed by DSD prior to an ML offer being made. No completion date has been provided by DSD, however, the process is expected to take several months to complete before an ML offer is made. The Company continues to engage in negotiations with the Adnyamathanha people towards finalisation of a native title mining agreement, which is a pre-requisite for grant of an ML.

The Company is also working on an updated resource model and mining plan for Kalkaroo with the view to releasing a probable ore reserve.

Exploration

The regional exploration efforts of the Company have been temporarily curtailed while the current focus has been on the Portia Gold Mine and advancing permitting for its other projects. The Company's exploration partner over the past four years, MMG Exploration Pty Ltd ('MMG'), have advised that they will discontinue exploration on Havilah's tenements in 2016, and the Option and Joint Venture Agreement was terminated.

Two years ago Havilah entered into an Amalgamated Exploration Agreement ('AEA') with DSD that allowed exploration expenditure on any particular tenement or prospect within the entire area to be included in the assessment of total expenditure on all exploration licences. Havilah met the required expenditure under the AEA and has relinquished the mandatory 10% area of its tenements. At the end of the period, a new AEA was being negotiated with DSD, under similar terms and conditions for a two year period ending 31 December 2017.

Financial Performance

Profit or Loss

The consolidated result of the Group for the financial half-year was a loss after tax expense of $0.838 million (2015: $4.632 million). The decrease in the loss is primarily attributable to the absence any further provisions for impairments of exploration assets.

Other comprehensive income for the financial half-year included an unrealised $0.154 million net gain, after tax, on gold hedging (2015: $Nil) as a result of the gold hedge price of $1,618/oz being $40/oz higher that the spot price at 31 January 2016. Corporate and administrative expenses of $0.673 million (2015: $0.550 million) increased due to the increased level of activity associated with the Company transitioning from explorer to miner. Share-based expenses of $0.162 million (2015: $0.084 million) increased as a result of issue of options to Directors which was approved at the last Annual General Meeting.

Balance Sheet

The Group's net assets increased by 1% to $38.473 million (31 July 2015: $38.091 million) which is due to the construction of the Portia Gold Mine processing plant, partially offset by the associated decrease in cash and cash equivalents and increase in trade and other payables and borrowings.

At 31 January 2016, the Group held a cash balance of $0.839 million and total debt of $1.060 million. Total debt includes a $1.000 million draw-down on the Investec Loan Facility. The company has access to a further $5.000 million in undrawn borrowings from the Investec Loan Facility.

Total assets increased 4% during the period to $43.674 million. This was mainly due to the derivative financial asset gain on gold hedging of $0.220 million (31 July 2015: $Nil), the continued mine development and processing plant construction at the Portia Gold Mine, which increased 26% to $9.948 million and a 3% increase in capitalised exploration & evaluation expenditure to $29.244 million (31 July 2015: $28.295 million), partially offset by the associated reduction in cash down to $0.839 million (31 July 2015: $2.136 million).

Directors' Report (Continued)
For the Financial Half-Year Ended 31 January 2016

Total liabilities for the Group increased 32% to $5.201 million (31 July 2015: $3.939 million). This was predominantly attributed to the $1.000 million draw-down on the Investec Loan Facility increasing current debt $0.879 million (31 July 2015: $0.104 million) and an increase in trade and other payables $0.822 million (31 July 2015: $0.431 million) associated with the development of the Portia Gold Mine.

Cash Flow

The half-year ended with a cash balance of $0.839 million (31 January 2015: $2.877 million). Net cash outflow from operating activities was $0.727 million (31 January 2015: $0.877m). The decreased cash outflow can largely be attributed to the active management of the timing of payments to contractors and suppliers for corporate and administrative costs.

Net cash outflows from investment activities were $2.186 million (31 January 2015: $2.079m). Capital investments for the period include property plant and equipment of $1.189 million related to the Portia Gold Mine processing plant construction.

Net cash inflows from financing activities were $1.616 million (31 January 2015: $4.584 million). Financing for the period included a $1.000 million draw-down of the Investec Loan Facility and the Share Purchase Plan issue of 3,752,000 ordinary shares at 25 cents each, raising $0.938 million, before costs.

Market Capitalisation

The market capitalisation of the Company was $45.398 million as at 31 January 2016 (31 July 2015: $41.097 million), based on the financial half-year end closing market price of $0.27 per fully paid ordinary share and 168.141 million fully paid ordinary shares on issue.

Matters subsequent to the end of the financial year

Other than noted in Note 13 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.

Business Strategies and Prospects, Likely Developments and Expected Results of Operations

The Directors' Report sets out information on the business strategies and prospects for future financial years, and refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Directors' Report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Details that could give rise to likely material detriment to the Group, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage has not been included. Other than the matters included in this Directors' Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included.

External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial half-year, as required under Section 307C of the *Corporations Act 2001*, is set out on page 18.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This Directors' Report is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

Kenneth (Ken) Williams
Non-Executive Chairman

14 April 2016
Adelaide

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Financial Half-Year Ended 31 January 2016

	Note	31 January 2016 $'000	31 January 2015 $'000
Sales revenue		**-**	**-**
Cost of sales		-	-
Gross profit		**-**	**-**
Other income	5	25	59
Exploration and evaluation impairment loss	6	-	(3,854)
Corporate and other administration costs	6	(673)	(550)
Share-based payments expenses		(162)	(84)
Impairment of other financial assets	4	(5)	(49)
Finance costs and fees	6	(74)	(21)
Loss with sale of assets		-	(75)
Total expenses		(914)	(4,633)
Loss before tax		(889)	(4,574)
Tax expense		51	(58)
Loss attributable to equity holders of the Company		**(838)**	**(4,632)**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on hedging instruments entered into for cash flow hedges	4	154	-
Other comprehensive income, net of tax		**154**	**-**
Total comprehensive loss attributable to equity holders of the Company, net of tax		**(684)**	**(4,632)**
Loss per share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic loss per ordinary share		(0.5)	(3.1)
Diluted loss per ordinary share		(0.5)	(3.1)

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 January 2016

	Note	31 January 2016 $'000	31 July 2015 $'000
Current assets			
Cash and cash equivalents		839	2,136
Receivables		165	28
Derivative financial assets	4	220	-
Other assets		31	83
Total current assets		1,255	2,247
Non-current assets			
Exploration and evaluation expenditure carried forward	7	29,244	28,295
Mine development expenditure	7	6,287	5,769
Property, plant and equipment	8	4,925	3,525
Other financial assets		229	544
Other non-current receivables		1,734	1,650
Total non-current assets		42,419	39,783
Total assets		43,674	42,030
Current liabilities			
Trade and other payables		822	431
Interest bearing liabilities	9	879	104
Provisions		490	471
Total current liabilities		2,191	1,006
Non-current liabilities			
Interest bearing liabilities	9	12	19
Provisions		1,734	1,650
Other non-current liabilities		1,264	1,264
Total non-current liabilities		3,010	2,933
Total liabilities		5,201	3,939
Net assets		**38,473**	**38,091**
Equity			
Contributed equity	10	60,046	59,142
Reserves		(1,648)	(1,964)
Accumulated losses		(19,925)	(19,087)
Total equity		**38,473**	**38,091**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Financial Half-Year Ended 31 January 2016

	Contributed Equity $'000	Buy-out Reserve $'000	Fair-value Revaluation Reserve $'000	Share-based Payments Reserve $'000	Retained Earnings (Accumulated Losses) $'000	Total Equity $'000
Balance as at 1 August 2014	52,329	(2,600)	-	11,745	(25,641)	35,833
Loss for financial half-year	-	-	-	-	(4,632)	(4,632)
Share options lapsed	-	-	-	(11,348)	11,348	-
Total comprehensive (loss) income for financial half-year	-	-	-	(11,348)	6,716	(4,632)
Transactions with owners in their capacity as owners:						
Ordinary shares issued	5,046	-	-	-	-	5,046
Transaction costs arising on fully paid ordinary shares issued, net of tax	(135)	-	-	-	-	(135)
Share-based payments expense	-	-	-	84	-	84
Balance as at 31 January 2015	**57,240**	**(2,600)**	**-**	**481**	**(18,925)**	**36,196**
Balance as at 1 August 2015	59,142	(2,600)	-	636	(19,087)	38,091
Loss for financial half-year	-	-	-	-	(838)	(838)
Changes in fair value of cash flow hedges, net of tax	-	-	154	-	-	154
Total comprehensive income (loss) for financial half-year	-	-	154	-	(838)	(684)
Transactions with owners in their capacity as owners:						
Ordinary shares issued	938	-	-	-	-	938
Transaction costs arising on fully paid ordinary shares issued, net of tax	(34)	-	-	-	-	(34)
Share-based payments expense	-	-	-	162	-	162
Balance as at 31 January 2016	**60,046**	**(2,600)**	**154**	**798**	**(19,925)**	**38,473**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows
For the Financial Half-Year Ended 31 January 2016

	31 January 2016 $'000	31 January 2015 $'000
Cash flows from operating activities		
Payments to suppliers and employees	(707)	(861)
Interest and other costs of finance paid	(32)	(21)
Miscellaneous receipts	12	5
Net cash flows used in operating activities	(727)	(877)
Cash flows from investing activities		
Interest received	14	56
Refund of security deposits	310	-
Research and Development Tax Incentive receipt	-	803
Payments for exploration and evaluation expenditure capitalised	(984)	(1,741)
Payments for mine development	(337)	-
Purchase of plant and equipment	(1,189)	(6)
Purchase of land	-	(1,191)
Net cash flows used in investing activities	(2,186)	(2,079)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	938	5,046
Payments for transaction costs arising on ordinary shares issued	(49)	(193)
Proceeds from borrowings	1,000	-
Payments relating to borrowing costs	(210)	-
Repayments of borrowings	(63)	(269)
Net cash flows provided by financing activities	1,616	4,584
Net (decrease) increase in cash and cash equivalents	(1,297)	1,628
Cash and cash equivalents at beginning of financial half-year	2,136	1,249
Cash and cash equivalents at end of financial half-year	**839**	**2,877**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements
For the Financial Half-Year Ended 31 January 2016

Note 1. Basis of Preparation of Condensed Consolidated Financial Statements

This Interim Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The condensed consolidated financial statements do not include all the notes of the type normally included in an Annual Report and should be read in conjunction with the Annual Report for the financial year ended 31 July 2015.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's Annual Report for the financial year ended 31 July 2015, except for the impact of the Standards and Interpretations as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Statement of Compliance

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 '*Interim Financial Reporting'.*

New or Revised Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for the financial half-year ended 31 January 2016.

The Directors have elected under Section 334 (5) of the Corporations Act 2001 to early adopt AASB 9 'Financial Instruments' in advance of its effective date. The Standard is not effective until annual periods beginning on or after 1 January 2018, and the compulsory effective date for the Company would be for the financial year beginning 1 August 2018. AASB 9 provides greater flexibility and simplifies the administration associated with applying hedge accounting.

The adoption of all of the relevant new and revised Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on either the amounts reported for the current or previous financial half-years.

Note 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 12(a).

For the half-year ended 31 January 2016 the Group incurred a net loss of $0.838 million (2015: $4.632 million) and had a net cash outflow from operating activities of $0.727 million (2015: $0.877 million) and a net cash outflow from investing activities of $2.186 million (2015: $2.079 million). At 31 January 2016, the Group's current liabilities exceeded its current assets by $0.936 million (2015: Current assets exceeded current liabilities by $1.241 million). The cash reserves of the Group at 31 January 2016 was $0.839 million (2015: $2.877 million) with $5.000 million (2015: $nil) available under the Investec Loan Facility.

As at the date of signing this report the Group has borrowed $2.750 million under the $6.000 million Investec Loan Facility (details of the Facility are set out in Note 9).

In order to meet the Group's payment of anticipated outstanding construction costs of the Portia Gold Mine processing plant, minimum exploration commitments, administration costs and continue to pay its debts as and when they fall due and payable, the Group is dependent on commencing the commissioning of the Portia Gold Mine processing plant around mid-April 2016, and bringing it into production, including achieving the budgeted production and recovery levels by June 2016. At the date of signing this report the Directors' expectation is that the Portia Gold Mine will be successfully commissioned and the mine will achieve the budgeted production and recovery levels.

In the event there are significant delays in commissioning the processing plant or there are significant issues with processing the ore, the Group would be required to defer and/or decrease other expenditure and/or raise additional funds through the issue of debt and/or equity.

Note 2. Going Concern (continued)

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.

Note 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 half-year ended 31 January 2016 is as follows:

31 January 2016	Mine Operations $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	-	-	-	-
EBITDA	-	-	(748)	(748)
Impairment included in EBITDA	-	-	-	-
Depreciation and Amortisation [1]	36	79	2	117
Additions to property, plant & equipment [2]	1,517	-	-	1,517
Total Assets	9,948	32,231	1,495	43,674
Total Liabilities	3,707	688	806	5,201

31 January 2015	Mine Operations $'000	Exploration & Development $'000	Corporate $'000	Total $'000
Segment Revenue	-	-	-	-
EBITDA	-	(3,929)	(564)	(4,493)
Impairment included in EBITDA	-	(3,854)	-	(3,854)
Depreciation and Amortisation [1]	-	111	3	114
31 July 2015				
Additions to property, plant & equipment [2]	397	2,253	4	2,654
Total Assets	7,864	31,240	2,926	42,030
Total Liabilities	2,425	770	744	3,939

[1] Mine operations' depreciation was capitalised into Mine development.
[2] Excludes transfers between segments.

Note 3. Segment Information (continued)

(c) Segment reconciliation

	Half-year ended 31 January 2016 $'000	Half-year ended 31 January 2015 $'000
Reconciliation of profit loss before tax expense		
EBITDA	(748)	(4,493)
Depreciation and amortisation	(81)	(114)
Interest income	14	54
Finance costs and fees	(74)	(21)
Loss before tax expense	(889)	(4,574)

Note 4. Fair value measurement of assets and liabilities

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at on a recurring basis:

31 January 2016	Level 1 $'000	Level 2 $'000	Total $'000
Assets			
Other financial assets			
Shares available for sale	44	-	44
Derivative financial instruments			
Derivatives used for hedging	-	220	220
Total Assets	44	220	264

31 July 2015	Level 1 $'000	Level 2 $'000	Total $'000
Assets			
Other financial assets			
Shares available for sale	49	-	49
Derivative financial instruments			
Derivatives used for hedging	-	-	-
Total Assets	49	-	49

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 January 2016.

Note 4. Fair value measurement of assets and liabilities (continued)

(b) Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and financial liabilities held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial assets and financial liabilities include:
- The use of quoted market prices or dealer quotes for similar instruments.
- Gold derivatives – future cash flows are estimated based on gold forward rates and US$/A$ forward exchange rates (from observable forward curves at the end of the reporting period) and the contracted rates. Cash flows are discounted at a rate that reflects the time value of money and credit risk (entity and counterparty credit risk).

All of the resulting fair value estimates are included in either level 1 or 2. There are no financial instruments included in level 3 for the half-year ended 31 January 2016.

Note 5. Revenue

	Half-year ended 31 January 2016 $'000	Half-year ended 31 January 2015 $'000
Sales revenue		
Gold sales	-	-
	-	-
Other revenue		
Interest income	14	54
Other income	11	5
	25	**59**

Note 6. Expenses

	Half-year ended 31 January 2016 $'000	Half-year ended 31 January 2015 $'000
Impairment		
Exploration and evaluation expenditure written off	**-**	**3,854**

The prior half-year included a provision for impairment of all the capitalised exploration and evaluation expenditure related to the Maldorky iron ore project due to the decline in the price of iron ore.

Finance costs and fees		
Amortisation of debt establishment costs	42	-
Interest expense	3	12
Finance leases	1	1
Bank fees	28	8
	74	**21**
Corporate and other administration costs		
Administration expenses	255	168
Net employee benefits expense[1]	195	108
Corporate costs	73	93
Director's fees	69	67
Depreciation and amortisation	81	114
	673	**550**

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

Note 7. Mine development and exploration

	Mine Development $'000	Exploration & Evaluation $'000
As at 31 July 2015		
Cost	**5,769**	**28,295**
Half year ended 31 January 2016		
Opening carrying amount	5,769	28,295
Additions	518	949
Carrying amount at the end of the period	**6,287**	**29,244**
As at 31 January 2016		
Cost	**6,287**	**29,244**

Note 8. Property, plant and equipment

	Land $'000	Plant & Equipment $'000	Total $'000
As at 31 July 2015			
Cost	2,241	4,218	6,459
Accumulated depreciation	-	(2,934)	(2,934)
Net book amount	**2,241**	**1,284**	**3,525**
Included in above			
Carrying amount of leased assets	-	36	36
Carrying amount of assets under construction	-	-	-
	-	**36**	**36**
Half year ended 31 January 2016			
Opening net book amount	2,241	1,284	3,525
Additions	-	1,517	1,517
Capitalised depreciation		(36)	(36)
Depreciation charge	-	(81)	(81)
Closing net book amount	**2,241**	**2,684**	**4,925**
As at 31 January 2016			
Cost	2,241	5,735	7,976
Accumulated depreciation	-	(3,051)	(3,051)
Net book amount	**2,241**	**2,684**	**4,925**
Included in above			
Carrying amount of leased assets	-	32	32
Carrying amount of assets under construction	-	1,501	1,501
	-	**1,533**	**1,533**

Note 9. Interest bearing liabilities

	31 January 2016 $'000	31 July 2015 $'000
Current		
Secured (at amortised cost):		
Investec loan	831	-
Finance lease liability	14	14
	845	14
Unsecured:		
Insurance funding loan	34	90
	879	**104**
Non-Current		
Secured (at amortised cost):		
Finance lease liability	12	19
	12	**19**
Total interest bearing liabilities	**891**	**123**

On 24 September 2015 the Company entered into a $6.000 million Loan Facility and Risk Management Facility (Facility) to provide funding for the Portia Gold Mine. This Facility included hedging of 10,000 ounces of gold production from the Portia Gold Mine. The Facility bears interest at a variable market rate. The Loan Facility is secured by a mortgage over the Portia Mining Lease and by Havilah Resources Limited's shareholding in Benagerie Gold Pty Limited and is to be repaid in full by 23 March 2017.

The Company drew down $1.000 million from this Facility on 28 January 2016. The borrowing costs associated with the Loan Facility will be amortised over the life of the Facility.

As at 31 January 2016 the Company had access to $5.000 million in undrawn borrowings under the Facility ($nil 31 January 2015).

Note 10. Issued capital

During the half-year ended 31 January 2016, the company issued 3.752 million fully-paid ordinary shares for $0.938 million, before cost, through a Share Purchase Plan.

During the prior half-year ended 31 January 2015, the company issued 30.084 million fully paid ordinary shares as part of a non-renounceable rights issue at an issue price of $0.14 per share and 5.957 million fully paid ordinary shares as part of a placement related to the oversubscription of the rights issue. For each new share subscribed for, an attached free option to purchase an additional share for $0.30 on or before 30 June 2017.

There were no other movements in the ordinary share capital of the company in the current or prior half-year.

During the half-year ended 31 January 2016, the company issued 3.600 million unlisted share options to Directors, approved by shareholders at the Annual General Meeting (31 January 2015: Nil). These options had a fair value at grant date of $0.417 million (2015: $Nil).

Note 11. 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 half-year (31 January 2015: $Nil).

Note 12. Contingent and capital commitments

No changes to disclosure in Note 25 of the 31 July 2015 Annual Report other than as noted below.

(a) Exploration expenditure commitments

The Group has certain requirements to perform exploration work and expend minimum amounts of money, known as Exploration Expenditure Commitments, in order to maintain the 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.

The Group met its expenditure commitment of $7.300 million through 31 December 2015 under the Amalgamated Expenditure Agreement it signed in 2014 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).

The Group has been negotiating the terms of a new Amalgamated Expenditure Agreement with the Department of State Development of South Australia, covering all its mineral exploration tenements (excluding ELs 5579 & 5463). This agreement will extend for a period of 2 years from 1 January 2016 with an agreed target expenditure amount across the relevant tenements and relinquishment requirements. We expect the terms and conditions to be similar to the prior agreement.

The minimum expenditure commitment related to exploration tenements not covered within the next 2 years by the Amalgamated Expenditure Agreements (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 January 2016 $'000	31 July 2015 $'000
No later than one year	280	849
Later than one year but not later than five years	63	3,133

(b) Guarantee and indemnity commitments

A rehabilitation bond issued by Oban Energy Pty Limited for $0.300 million and a rehabilitation bond issued by Lilydale Iron Pty Limited for $0.010 million to the Minister for Mineral Resource Development were released upon successful rehabilitation of the land.

(c) Capital commitments

The Group has $1.112 million (2015: $nil) in capital commitments associated with the construction of the Portia Gold Mine processing plant.

Note 13. Subsequent Events

On 29 February 2016 the Company announced that its exploration partner over the past four years, MMG Exploration Pty Ltd, have advised that they will discontinue exploration on the Company's tenements in 2016, and the Option and Joint Venture Agreement was terminated.

On 11 March 2016 the Company announced it has received approximately $0.507 million for the pre-sale of 300 ounces of gold from the Portia Gold Mine, at a gold price of $1,691 per ounce free of costs.

On 31 March 2016 the Company announced that approximately ten thousand tonnes of high grade ore from the Portia Gold Mine has been stockpiled on the ore pad adjacent to the processing plant.

At the date of signing this report construction of the processing plant is progressing as planned with the continuing expectation of start-up and commissioning commencing around mid-April.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial half-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.

Directors' Declaration
For The Financial Half-Year Ended 31 January 2016

The Directors declare that:

1. in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 6 to 16, are in accordance with the *Corporations Act 2001,* including:

    a) complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*; and
    b) giving a true and fair view of the Group's financial position as at 31 January 2016 and of its performance for the financial half-year ended on that date; and

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors:

Kenneth (Ken) Williams
Non-Executive Chairman

14 April 2016
Adelaide

Auditor's Independence Declaration
For The Financial Half-Year Ended 31 January 2016

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7003
www.deloitte.com.au

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

14 April 2016

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 review of the financial statements of Havilah Resources Limited for the year-half ended 31 January2016, 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 review; and

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members For The Financial Half-Year Ended 31 January 2016

Deloitte.

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 (0) 8407 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Havilah Resources Limited

We have reviewed the accompanying half-year financial report of Havilah Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 January 2016, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Havilah Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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.

Independent Auditor's Review Report to the Members (continued)
For The Financial Half-Year Ended 31 January 2016

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Havilah Resources Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2 in the financial report which indicates that for the half-year ended 31 January 2016 the consolidated entity incurred a net loss of $889,000 (31 January 2015: $4,574,000), had a net cash outflow from operating activities of $727,000 (31 January 2015: $877,000) and a net cash outflow from investing activities of $2,186,000 (31 January 2015: $2,079,000). As at 31 January 2016, the consolidated entity has a net current asset deficiency position of $936,000 (31 July 2015: net current asset position $1,241,000). 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 consolidated entity to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 14 April 2016