

19 December 2018

Kalkaroo Native Title Mining Agreement Signed

HIGHLIGHTS

- **Kalkaroo Native Title Mining Agreement signed by the relevant native title holders.**
- **Based on an innovative profit-sharing arrangement for the mutual benefit of all stakeholders.**
- **Includes non-financial criteria such as employment, training, and business development opportunities.**
- **Way now open for the grant of a Mining Lease over the Kalkaroo copper-cobalt-gold project.**

Havilah Resources Limited (Havilah) is pleased to advise that the Native Title Mining Agreement (**Agreement**) for Kalkaroo has now been signed, opening the way for grant of a Mining Lease over the copper-cobalt-gold project area.

The Agreement was executed between the Ngadjuri Adnyamathanha Wilyakali Native Title Aboriginal Corporation (**NAWNTAC**) and Havilah. This took place at the conclusion of a special sitting of the Federal Court in Orroroo last week at which a consent determination was made in favour of NAWNTAC in respect of the overlapping native title claims of the Adnyamathanha, Ngadjuri and Wilyakali people. NAWNTAC is a corporate entity that jointly represents the interests of the three native title groups and will be the first point of contact for future native title matters in this specific area.

This is the culmination of more than five years of patient negotiations and numerous meetings in good faith between representatives of the native title holders and Havilah. Acceptance of the concept of an EBITDA (earnings before interest, tax, depreciation and amortization), which is a profit-based compensation payment rather than an “off-the-top” revenue-based royalty payment, paved the way for finalisation of a fair profit-sharing arrangement that achieves the objectives of both parties. It assists Havilah in times of low profits while allowing NAWNTAC to share fully in times of high profitability of any future mining operations. The Agreement also focuses on the very important non-financial benefits such as employment, training, and business development opportunities for the native title holders over the life of the mine.

For Havilah, the Agreement is of vital importance as it is a key requirement for the granting of a Mining Lease by the Department for Energy and Minerals (**DEM**) of South Australia. Following lodgment of the Agreement with DEM and completion of the statutory process for registration of native title mining agreements as provided in Part 9B of the Mining Act, it is expected that DEM will offer the Kalkaroo Mining Lease to Havilah in accordance with its due process.

This represents another very significant milestone on the path to the potential development of the Kalkaroo project as a major new copper-cobalt-gold mine in South Australia’s northeast.

Commenting on signing of the Kalkaroo Native Title Mining Agreement, Havilah's newly appointed Chairman, Mr Mark Stewart said: "The importance of the execution of this Agreement cannot be overstated and represents a massive leap forward in the implementation of Havilah's Copper Strategy – Enhanced by Cobalt, as it should now result in the grant of the Kalkaroo Mining Lease.

"It is the culmination of many years of patient and persistent negotiation, introducing innovative concepts such as EBITDA, by Havilah executives, namely Chris Giles and Walter Richards.

"Acceptance of the EBITDA profit sharing concept is a good outcome for all parties.

"I would like to acknowledge the support of our legal advisor, Abigail Steed, and also the co-operation and good will of the native title holder groups and their legal advisors over an extended period of time," he said.



Dr Chris Giles signing the Kalkaroo Native Title Mining Agreement with the Native Title Holders on behalf of Havilah.

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

Contact: Mr Walter Richards, CEO, on (08) 8155-4500 or email: info@havilah-resources.com.au

About the Kalkaroo Copper-Cobalt-Gold Project

The Kalkaroo copper-cobalt-gold deposit is located approximately 500 km northeast of Adelaide in proximity to a main highway, the transcontinental railway and the regional mining centre of Broken Hill. Based on a 100 million tonne Ore Reserve independently estimated by RPMGlobal (see Table 1 below), it is the largest undeveloped open pit copper-gold deposit in Australia on a copper-equivalent Ore Reserve basis.

Table 1 Ore Reserves as at June 2018

Category	Tonnage (Mt)	Copper Grade (%)	Gold Grade (g/t)	Copper Content (Kt)	Gold Content (Koz)
Proved	90.2	0.48	0.44	430	1,282
Probable	9.9	0.45	0.39	44	125
Total	100.1	0.47	0.44	474	1,407

Note: Estimate has been rounded to reflect accuracy. All the estimates are on a dry tonne basis.

Havilah confirms that the assumptions on which this ore reserve estimate was based have not materially changed since the ASX release of 18 June 2018.

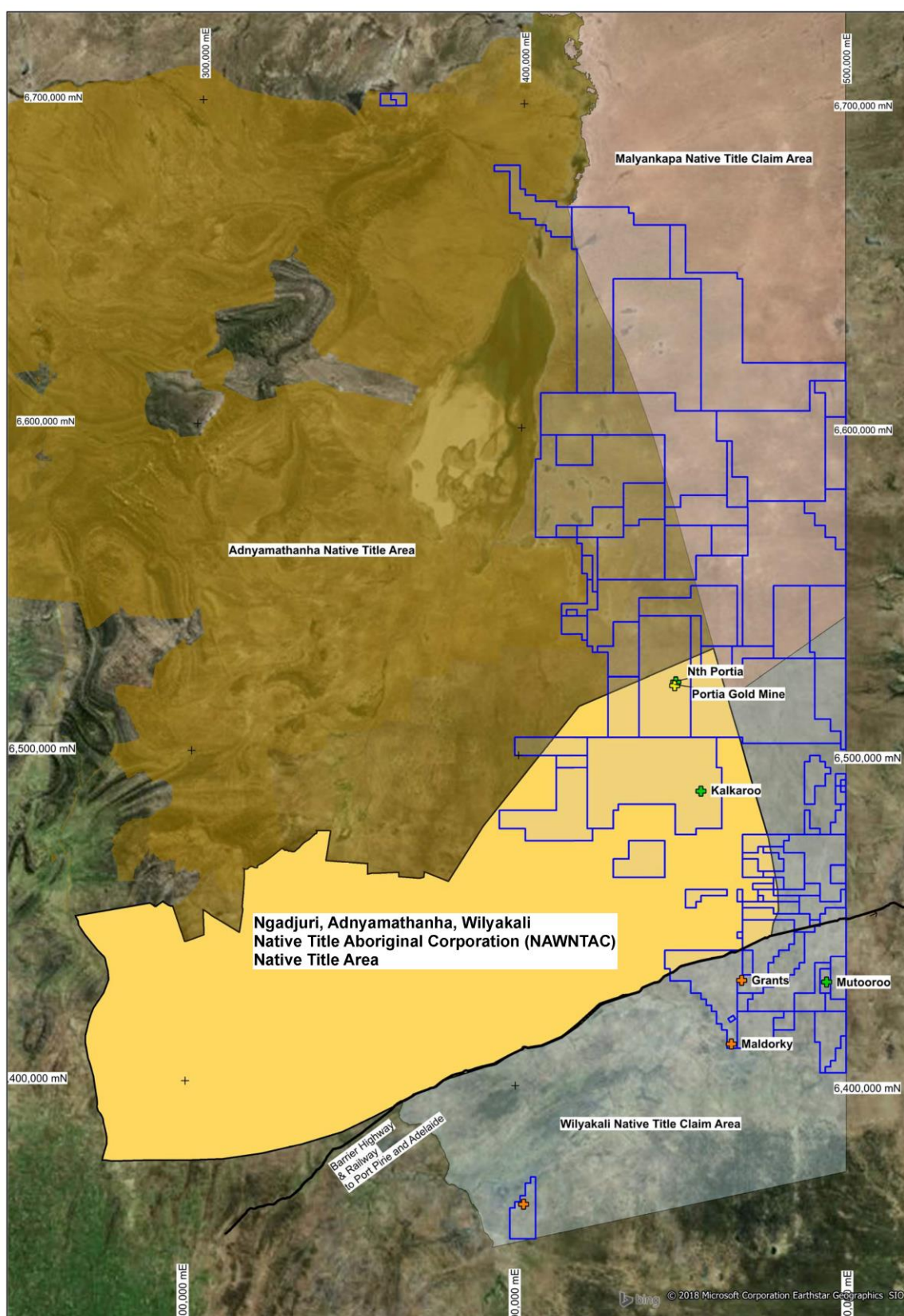
Havilah's geological models show that Kalkaroo forms part of very substantial replacement copper-cobalt-gold mineralized system the full extent of which has yet to be determined.

Kalkaroo is one of the few large undeveloped open pit copper deposits located in a politically stable jurisdiction and favourable logistical setting. This is at a time of unprecedented projected future demand for copper to satisfy the rapidly expanding electric vehicle and renewable energy industries.

Key Financial Terms of the Native Title Mining Agreement

Whilst the detailed terms of the Agreement are confidential, the key points are:

- Establishment payment is due to NAWNTAC after the registration of the Agreement in accordance with Part 9B of the Mining Act.
- Annual administration payments, adjusted for CPI, are paid to NAWNTAC from the commencement of the Agreement.
- Annual floor payments, adjusted for CPI, are due to NAWNTAC from when the project reaches commercial production.
- Annual profits payment, based on a percentage of EBITDA (if EBITDA is positive), are due to NAWNTAC from when the project reaches commercial production, but are capped until the cumulative EBITDA exceeds the cumulative capital costs of the project.



Map showing the new NAWNTAC Native Title area (yellow) in relation to Havilah's tenements and projects.