



Havilah Resources Limited plans to sequentially develop its portfolio of gold, copper, iron, cobalt, tin and other mineral resources in South Australia. Our vision is to become a new mining force, delivering value to our shareholders, partners and the community.

197 million Ordinary Shares -- 4 million Listed Options -- 8 million Unlisted Options

ASX and Media Release: 13 November 2017

ASX Code: HAV



Mining high grade light grey clay ore from the Portia southern extension this week

PORTIA REVISED TO GOLD REVENUE STREAM

HIGHLIGHTS

- **50:50 revenue sharing restructured to a 15% gold revenue stream for Havilah.**
- **Future processing and capital expenses eliminated for Havilah.**
- **All day-to-day management of Portia operations controlled by CMC.**
- **Operational efficiency expected to improve and remaining gold production to be maximised.**
- **Havilah management and technical team capacity released to focus on the Havilah's *Copper Growth Strategy*.**
- **Logical progression in CMC / Havilah partnership to potentially unlock North Portia Copper-Gold deposit.**

Havilah Resources Limited (Havilah) is pleased to advise that it has reached agreement with Consolidated Mining and Civil Pty Ltd (CMC), its mining partner at the Portia Gold Mine (Portia), to restructure and amend the Portia mining



and processing agreement. The new arrangements will significantly release capacity across Havilah's management and technical teams and other resources to enable greater focus on execution of Havilah's [Copper Growth Strategy](#).

The new agreement provides for all aspects of day-to-day management of the Portia operations, particularly mining and processing, to be undertaken by CMC. This will enable significant improvements in the efficiency of operations and better alignment of interests between the parties. The revised agreement is a natural development in the execution of the Portia project and is better suited to the more mature phases of the mining operation now and for the future.

The revised agreement results in the current 50:50 revenue sharing arrangement reverting to an 85:15 gold revenue stream arrangement, with all mining, processing and capital expenses to be met by CMC.

Under the current processing arrangement Havilah pays a sliding scale rate per tonne for processing of the ore mined by CMC and is responsible for half of all capital expenditure on processing related activities. Effective 16 November 2017, responsibility for processing costs and capital expenditure will transfer from Havilah to CMC. Havilah will retain ownership of the processing plant, which CMC will maintain and modify as may be required, at its expense. Havilah will continue to offer specialised technical assistance to CMC for the on-going efficient operation or expansion of Portia.

The management teams of CMC and Havilah considered various alternatives and operating models with the main objective being to optimise and increase the efficiency of the operation with a view to extending Portia's life. They have reached mutual agreement that this is the appropriate operating model to take the mine forward. Several key factors were considered:

- Portia is a comparatively small operation that can be run more efficiently by a single party which has full control over all aspects of the operation.
- Havilah's conservative approach to managing the variability in the grade, with Portia being a very spotty gold deposit, potentially limits the tonnes of ore that can be processed efficiently.
- Going forward, CMC, with greater day-to-day control, has more flexibility and the ability to respond very quickly to variations in ore grade, meaning it is likely to be able to mine and process lower grades of ore and potentially extract more ounces of gold from the mine, for the benefit of both parties.
- It is the logical next step in the on-going development of the relationship between CMC and Havilah and has the additional benefit of assisting with the plans for the development of the North Portia Copper-Gold Project.

From Havilah's perspective the change is likely to be revenue neutral in the base case, but mitigates certain risks for working capital management relating to variability of grade and production volumes.

Commenting on the future of Portia, CMC Managing Director, Mr Steve Radford, OAM said: "CMC is excited with the opportunity that our new arrangement offers.

"It will allow both parties to focus on their core businesses and capitalise on their own individual strengths, in particular CMC look forward to better managing Portia holistically.

"Portia will now be under full day-to-day operational control by CMC, and we are eager to get on with the job.

"This arrangement will be beneficial on many fronts, it will not only allow CMC to be more responsive giving us the flexibility to plan and recover more ore 'on the run', but it will also offer the opportunity to reduce and consolidate operating costs.

"This means that we have the prospect of not only planning and mining the Portia pit to a much deeper and larger profile, but it will give us opportunity to potentially process already mined previously un-economical lower grade ore as well as re-processing the tailings, subject to permitting, which have been kept separate.



“We plan to re-design the process plant and make modifications by adding new circuits to accommodate not only the re-treatment of the current Portia tailings, plus also the opportunity to integrate these processes into the copper/gold concentrate (from North Portia) processing circuits that will be a huge advantage for both Havilah and CMC.

“Havilah’s forward thinking now means that they have the opportunity to focus on and further develop their next generation of exciting projects and resources, with no risk of outgoing cash flows.

“We look forward to the prospect of further opportunities as Havilah as it continues to grow its business.

“This arrangement is a win win for both parties, and most certainly the Havilah share holders at the end of the day.

“CMC is committed to Portia and also to the development of North Portia with Havilah”. he said.

Commenting on the new arrangement, Havilah Managing Director, Dr Chris Giles said: “We see this as a logical progression from our original 50:50 revenue sharing arrangement with CMC.

“CMC have proven themselves to be very competent mine and plant operators and we have no hesitation in leaving the day to day operations in their capable hands.

“Being in full control we expect CMC will be able to recover the remaining oxidised gold ore more efficiently from the Portia open pit as well as from the tailings, once permitted, for the benefit of both parties.

“As a consequence, we expect to receive a steady gold revenue stream from Portia potentially for the next twelve months and beyond, with no risk of outgoing cash flow exposure.

“For us it also means that we can now focus on executing of our *Copper Growth Strategy*, which represents the next important development phase for Havilah”, he said.

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

Contact: Dr Chris Giles, Managing Director, on (08) 8155-4500 or email: info@havilah-resources.com.au