

12 July 2018

North Portia Divestment Completed

HIGHLIGHTS

- **First transaction closed in the implementation of *Havilah's Copper Strategy – Enhanced by Cobalt*.**
- **First payment of \$1.0 million received.**
- **Havilah's share of the Portia rehabilitation obligation funding of \$1.2 million replaced by CMC.**
- **Current Portia 15% gold revenue stream remains until 30 November 2018.**

Havilah Resources Limited (Havilah) is pleased to announce that the transaction to divest North Portia through the sale of the Benagerie Mining Lease (**ML**) to Consolidated Mining & Civil Pty Ltd (**CMC**) has closed, with consents granted, guarantees replaced and documentation executed.

Commenting on the closing of the divestment of North Portia, CEO, Mr Walter Richards said: "Closing this first transaction in the execution of [Havilah's Copper Strategy – Enhanced by Cobalt](#) has progressed as planned.

"This transaction realises tangible value from our multi-commodity portfolio and will allow us to increase our focus on Mutooroo and Kalkaroo, the two core projects in our strategy.

"Recent exceptional copper-cobalt sampling results from the Mutooroo Cobalt District and the many prospects identified, have confirmed that we are focused on the right scope of work to maximise value generation," he said.

The key points of the structure of the transaction to divest North Portia are as follows:

- First payment of \$1.0 million, which has now been received.
- Second payment of \$3.5 million upon Havilah's completion of the required permitting allowing the mining of overburden at North Portia and the subsequent processing of the oxide gold component of the resource (expected in the last quarter of 2018).
- Third payment of \$3.5 million with Havilah's completion of the permitting, which allows for the mining and processing of the supergene sulphide copper-cobalt-gold ore at North Portia (expected in the second half of 2019).
- Final payment of \$5.5 million, 12 months after the second payment (expected in the last quarter of 2019).
- Payments from CMC will be secured through a mortgage over the Benagerie ML and the Portia processing plant.
- 2% NSR royalty on all commodity sales from the ML.
- The NSR royalty will increase to 3.25% on copper metal sales, once more than 101,400 tonnes of copper metal have been produced and sold from the ML (this being the current total JORC copper resource for North Portia).

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- 15% gold revenue stream from the Portia gold mine on the current basis until 30 November 2018, when the oxidized ore in the Portia pit is expected to be mined out based on the current mine plan. At that time this interest will convert into the 2% NSR royalty.
 - Havilah will receive guaranteed payments of \$300,000 per quarter if the royalty payment is not at least \$300,000 per quarter by 30 November 2020.
 - Havilah maintains the first right to purchase any pyrite (contains cobalt) produced as a by-product from the production of copper and gold.
 - CMC has replaced Havilah's \$1.2 million in bank guarantee obligations with respect to the Portia rehabilitation bond. This means Havilah has no further exposure to rehabilitation liabilities on the ML.
 - Havilah retains the exploration rights to the Bassanio IOCG target on the ML.
 - To ensure mining and processing at North Portia can commence as soon as possible, Havilah has on-going responsibility to deliver the required permitting for the project, which is being actively pursued
 - Havilah will retain responsibility for payment of the Investec Group Portia success fee (This fee will only apply if production from Portia exceeds 50,500 ounces of gold in total and is capped at a total production of 80,000 ounces).

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

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