

Havilah's \$100M funding deal

BRITISH-based Gupta Family Group has pledged up to A\$100 million to minnow Havilah Resources to fund work at its iron ore and copper-cobalt projects in South Australia over the next three years that could see the GFG Alliance emerge with a controlling interest in the Adelaide-based explorer.



Finance > Project-finance

The share agreement is for a committed staged investment of \$50 million, starting with an initial \$6 million placement at the 45-day share average, and \$44 million to be paid at specific milestones.

Comments

Share

Another \$50 million is in discretionary funding, starting with an initial \$6 million up-front.

Haydn Black

Reporter

The funding will take the form of placements at a premium of 22-35%, while Havilah shareholders will be offered a discounted pro-rata rights issue before any placement to GFG.

Havilah will retain operational control of all assets, including its Kalkaroo copper project and regional exploration licences, and will maintain a majority of independent directors, with GFG able to appoint two directors and nominate two independent directors, depending on its equity level.

The junior intends to move its core projects towards definitive feasibility studies within the three year period.

The deal is conditional on shareholder and regulatory approval, and has the support of all Havilah's directors.

In the immediate future Havilah will complete a pro-rata rights issue at a discount to its last closing price to raise up to \$5 million following approval by shareholders of the proposed transaction

Havilah chairman Mark Stewart said the deal was the culmination of almost a year of discussions and technical co-operation between Havilah and GFG, and was a "win-win outcome for both parties".

"It demonstrates a shared view of the inherent value of Havilah and its potential, combined with GFG's confidence in the long-term growth prospects inherent in Havilah's extensive tenement package," he said.

GFC owns the Whyalla Steelworks and iron ore export facilities, and its SIMEC Mining business, which owns the Middleback Ranges mines, has been running the ruler over Havilah's Curnamona Craton projects for some time.

It will have a first right of refusal in relation to any offtake agreements.

GFG CEO Sanjeev Gupta said the deal would help GFG "realise our vision for our Next-Gen steel plant, for our ambitious Whyalla Transformation project and for realising South Australia's tremendous copper potential".

Havilah has around 16,000sq.km under licence in SA, which it says is "unmatched elsewhere in Australia" with the potential for copper, cobalt, gold, iron ore, uranium, tin molybdenum, lead and zinc discoveries in a range of mineralisation styles and settings.

The Grants Basin iron ore projects have a recently upgraded exploration target of 3.47-3.79 billion tonnes of iron grading 23.9-27.6%, which can be upgraded to 65% iron. There is also a 147Mt of 30.1% iron resource at Maldorky and 304Mt at 24% resource at Grants.

Once all placements are complete GFG will have the potential to acquire direct equity interests in the iron ore assets.

Havilah describes Kalkaroo as Australia's largest undeveloped open pit copper-gold deposit on a copper equivalent basis at 100Mt, and has 195,000t of copper, 8400 t of cobalt and 44,600 ounces of gold at Mutooroo.

Around \$25 million of the discretionary funding is earmarked for Mutooroo development costs if required.

It believes it will be in a position to explore the Mutooroo district systematically for the first time.

Havilah had around \$1 million cash at the start of the year and liabilities of \$7.3 million.

Stewart was subject of a failed board coup just six months ago after shareholders lamented the company's share price, then around 20c, and most recently traded around 16c.

Shares in the multi-commodity junior explorer were up 45%, hitting 22c, valuing the company at \$49 million.



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