

6 September 2019

## Response to EGM Shareholder Statements

The independent directors of Havilah Resources Limited (**Havilah**) would like to provide shareholders with an update in relation to the proposed investment in Havilah of up to \$100 million (**Proposed Transaction**) by OneSteel Manufacturing Pty Ltd (**SIMEC**), a member of the GFG Alliance (together **GFG**).

Havilah has been made aware of a publicly disseminated communication by Dr Johnson sent to shareholders which contained a large number of misleading and deceptive statements. Havilah rejects the content of that document as false and misleading. In particular shareholders should refer to the [Independent Expert's Report](#) and Havilah's published pre-feasibility study ([ASX Announcement 18 June 2019](#)) with respect to the value of Kalkaroo. The value parameters of Kalkaroo have not changed despite the reference to the spot gold price which has been offset by the substantial fall in the spot copper price. Given that production from Kalkaroo is at best case at least 3 years in the future and is anticipated to be producing for at least for 13 years, it is more appropriate to apply long term sustainable metal pricing which is the normal practice for mining valuations. The other reference by Dr Johnson to the value of the iron ore assets conveniently overlooks the fact that the agreed implied value of \$120 million in the subscription agreement with GFG is only applicable after Havilah has spent \$33 million over the next three years on those iron ore assets to increase their value. And yet he states "Share price appreciation unlikely" which is not logical.

The other references in the document are "cherry picking" the facts and do not tell the full story. It is very easy for Dr Johnson and other detractors to make negative remarks and statements whereas Havilah as a public listed company is constrained and is required to abide by the rules and regulations of the ASX and ASIC. Suffice to say Havilah regrets the fact that Dr Johnson feels the need to put this sort of misinformation into the market and rejects it completely and would be grateful if Dr Johnson would advise the shareholders as to what his alternative plans are for Havilah.

Shareholders should also be aware that despite the Proposed Transaction with GFG being announced over four months ago, no other offers have been forthcoming. In fact, the only other offer received for Havilah's iron ore assets to date was from a company called Braemar Logistics Pty Ltd (**Braemar**) back in October 2017. Braemar is owned and controlled by Dr Johnson, a shareholder of Havilah who has been very vocal in his opposition to the Proposed Transaction, including claiming that the Proposed Transaction undervalues Havilah. Dr Johnson's offer for Havilah's iron ore assets owned at the time was \$2 million, most of which was deferred and required immediate transfer of all the relevant tenements to Braemar. That offer was firmly rejected by all directors at the time.

Without a superior offer to consider, the independent directors continue to maintain their strong recommendation that shareholders vote 'For' at the upcoming EGM. The main reasons for their position are as follows:

1. The Independent Expert's Report finding that the Proposed Transaction is "...not fair but reasonable..." and that **"...the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved"**.
2. No superior proposal has been proposed to Havilah.
3. GFG presents the best opportunity to develop Havilah's in-ground mineral resources.

4. GFG will add value through not just providing capital, but also potential access to the Whyalla steelworks and port and international connectivity to global markets.
5. Without the Proposed Transaction, the future of Havilah will likely consist of small capital raisings and shareholder dilutions.
6. The potential value of Havilah's various projects will only come to fruition once significant 'at risk' capital is invested.

In order to develop our mineral deposits, including Kalkaroo, Copper Aura and Iron Genesis, significant capital expenditure is required. GFG will not only provide the funding to get Copper Aura and Iron Genesis to completion of the Definitive Feasibility Study phase but could well be a large funding contributor in the development of these projects, including Kalkaroo. In the future, GFG will be a potential buyer of Havilah's iron ore and provide access to international markets and capital. We believe that Havilah's projects, along with its exploration potential, deserve the right to be developed to value add not just for Havilah shareholders, but also via job creation and other flow on benefits to the state of South Australia.

**The independent directors recommend a vote 'For' the Proposed Transaction at the EGM on 12 September 2019.**

Please consider all the information at your disposal before making your decision. This includes the Notice of Meeting ([ASX announcement of 31 July 2019](#)) which was dispatched to shareholders on 9 August 2019 and incorporates the [Independent Expert's Report](#), as well as the extensive presentation relating to the Proposed Transaction ([ASX announcement 14 August 2019](#)) and the 'Questions and Answers- Potential Investment by GFG in Havilah' document ([ASX Announcement 28 August 2019](#)).

Any shareholders that require assistance to locate their Notice of Meeting, or need assistance with the voting process, are encouraged to contact Havilah on (08) 8155 4500, or Computershare on 1300 850 505.

Please note that shareholders are able to vote, or amend their vote, online via [www.investorvote.com.au](http://www.investorvote.com.au) (control number 183108) up to 11:00am (Adelaide time) on Tuesday, 10 September 2019.

For further information visit [www.havilah-resources.com.au](http://www.havilah-resources.com.au)

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