Havilah Resources NL

(ASX: HAV)
7 January 2015

Havilah Resources NL *aims to become a significant new producer of iron ore, copper, gold, cobalt, molybdenum and tin from its 100% owned JORC mineral resources in northeastern South Australia.*

156.3 million ordinary shares
36.0 million listed options
4.5 million unlisted options

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MINING CONTRACT & FUNDING AGREED FOR PORTIA GOLD MINE

HIGHLIGHTS

- **Havilah's wholly owned subsidiary, Benagerie Gold Pty Ltd (Benagerie) has entered in to a mining and funding contract for the Portia gold mine with Consolidated Mining & Civil Pty Ltd, a well-respected and experienced Broken Hill based contractor.**
- **Development and mining of Portia will be on a shared risk / shared revenue basis, with no capital raising required by Havilah to meet its commitments under the contract, and no recourse to Havilah's other projects.**
- **Prospect of substantial gold revenue flowing to Havilah in 2016.**

Havilah Resources NL **(ASX: HAV)** ("Havilah" or the "Company") is pleased to announce that it has executed a contract for mining of the Company's wholly-owned Portia gold deposit in South Australia, northwest of Broken Hill.

The contract, which includes funding arrangements, is with Consolidated Mining &Civil Pty Ltd ("CMC"), a well-respected and experienced Broken Hill based mining and civil contracting company. CMC currently has mining contracts in place with Cristal Mining and Perilya Limited, as outlined in the operations summary document attached to this announcement.

The key terms of the mining and funding contract are as follows:

- CMC will be responsible for funding and performing mining operations and delivery of the gold ore to the surface stockpile at its sole expense and risk.
- Benagerie will be responsible for processing the ore and producing gold ingots for delivery to a refiner at its sole expense.
- Revenue (or physical gold) will be shared 50:50 for all gravity recoverable gold mined from the Portia gold deposit.
- A joint operating committee, chaired by Benagerie, will oversee the operation and receive and consider operational reports, with day to day mining activities being the responsibility of CMC.
- CMC will provide a bank guarantee to Benagerie to enable it to lodge the $1.95 million rehabilitation bond required by the Mines Department as a condition of the mining approval.
- Benagerie will be responsible for access payments to the landholder and the Adnyamathanha native title claimants triggered by the commencement of mining.
- Both parties will be jointly responsible for payment of a 1% revenue royalty to a previous corporate owner of the deposit, the State Government royalty and gold refining costs.
- Conditions precedent to operation of the agreement are:
    i. Finalisation of an agreed detailed mining and project management plan;

ii. CMC providing the bank guarantee in support of Benagerie's lodgement of a rehabilitation bond with the Mines Department; and
iii. Benagerie obtaining all remaining routine authorisations required to proceed with mining, including consent to this agreement by the Minister responsible for administering the Mining Act in South Australia.

CMC's mining schedule sees first gold ore delivered to the processing plant by June 2016. With this mining and financing arrangement in place and based on the current gold price and exchange rates, the Portia gold mine stands to deliver substantial returns to Havilah in 2016.

Commenting on the execution of the contract, Managing Director, Dr Chris Giles, said that Havilah would not be required to raise additional capital to meet its obligations because all mining costs will be funded by the mining contractor, including the rehabilitation bond obligation.

"Havilah is in effect sharing a portion of the gold revenue with the mining contractor, who will fund the cost of delivering the gold ore to surface for processing.
"This allows the Portia gold project to proceed without Havilah taking on onerous conventional loan terms or a significant dilution of existing shareholders as a result of issuing additional equity.
"With the mining fully funded and Havilah responsible only for processing costs, shareholders can look forward to significant returns from gold sales in 2016, which will put Havilah in a good position to advance development of its other projects, including the much larger Kalkaroo copper-gold deposit" he said.

Havilah received full operational approval from the South Australian mining regulator in October, 2014 to allow commencement of mining. Subject to satisfaction of the conditions precedent, it is expected that initial site works, airstrip and access road upgrades, and camp construction will commence in the second half of January, with overburden removal starting in March this year. In the meantime the Company is working on finalising the open pit dewatering and re-injection wells, pipework and related facilities so that dewatering can commence ahead of mining.

Portia has a JORC Inferred Resource of 720,000 tonnes @2.9g/t for 67,000 ounces of contained gravity recoverable gold (refer to ASX announcement dated 26 June 2009). The mining plan is based on an optimised open pit design that aims to recover at least 80% of this resource, with upside potential in as yet unquantified gold known to occur in the underlying bedrock. The gold occurs as free grains within a 2-3 metre thick distinctive light grey silty horizon that lies beneath approximately 75 metres of free-digging clay overburden. Recovery of the gold will be by low cost gravity methods that will not require the use of chemicals.

For further information visit the Company website www.havilah-resources.com.au or contact: Dr Chris Giles, Managing Director, on: info@havilah-resources.com.au.

Competent Persons Statement
The information in this announcement that relates to Exploration Targets and Exploration Results and JORC Resources is based on data compiled by geologist, Dr Chris Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr. Giles is a director of the Company and is employed by the Company on a consulting contract. Dr. Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Giles consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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BSL
BASIN SANDS LOGISTICS

CMC
CONSOLIDATED

MINING & CIVIL

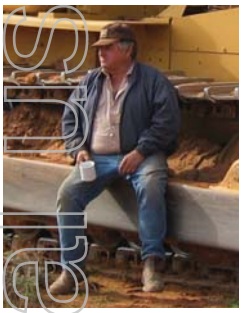
Committed to Excellence

COMPANY HISTORY

THE RADFORD BEGINNING

Established in 1911, great grandfather, Les Radford started his business as a general contractor to the major mines and the local government of Broken Hill. Les Radford & Sons had a large contribution in the building of Broken Hill and was the major contractor to the three main mining companies in Broken Hill.

Les' grandson, Gary Radford, branched out in his own business in 1965. Gary Radford acquired his grandfather's business, Les Radford & Sons in 1972. The Radford name has become highly respected within the Earthmoving Industry and the West Darling Region.



The Radford family have gained a wealth of knowledge and expertise in earthmoving, bulk haulage, crane hire, heavy haulage, open cut mining, quarrying and quarry products, along with concrete products. The Radford family's commitment to excellence and their 'can do' attitude have played a major part in building the foundation of Broken Hill and surrounding regions.

CONSOLIDATED TODAY

Owned and directed by Steve Radford, the Consolidated Group offers Plant Hire, Bulk Haulage and Mining Services from its head office location based at Kanandah Road in Broken Hill.

Consolidated offers contract mining and crushing services nationally. Steve has had extensive experience in heavy plant operation, working with and managing all areas of the business.

Steve's wealth of knowledge and experience has been gained since he was at his father's side since the age of 5 years until the age of 14 where he joined the working ranks of his father's business. Four generations later in January 2001, Steve, at the age of 40, took over the family business, which now has in excess of 100 years of hands on experience.

The Consolidated Group of Companies employs 450 full time staff, supplemented by up to 50 casual employees for strike power, as and when required. The company owns and Operates some 650 items of plant, carrying out business as general contractors nationally.

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SNAPPER MINE OPERATIONS

In November of 2010, BSL tendered for and was awarded the overburden removal contract for the Cristal Mining Australia (formerly Bemax Resources) Snapper Mine Site. This has flowed on from the continual presence that the Consolidated Group has had at this location. For many, it was seen to be a natural progression to become the major contractor on site given that the Consolidated Group has been a part of this operation from the very beginning in 2004.

Initially employing a small number of personnel with medium sized equipment, BSL Snapper has grown considerably over the term of its contract to a point where it currently employs 150 people from the surrounding areas, as well as interstate, and has a well established base of operations not far from the active mining path.

BSL Snapper is unique in the way in which the roster has been established. BSL has identified that fatigue can pose significant risks within the mining industry and has structured rosters so that after 10 days of operation there are 5 complete days with no production. This ensures that our operational staff can have enough rest to minimize fatigue but it also has benefits to our planned maintenance systems whereby there are 5 full days to complete this maintenance before the operational employees resume their duties.

With these factors in place, BSL has been able to achieve all set targets developed by its client and can achieve an output of over 1,000,000 BCM per 20 day month with ease. As the contract progresses, Steve Radford, along with his team of experienced mining personnel continue to investigate all possible strategies to improve productive efficiencies.

The BSL Snapper team are committed to ensuring that they provide the best productive outcomes using quality resources and operating in the safest possible manner.

GINKGO MINE OPERATIONS

Following on from the successful undertaking of the Snapper Overburden Removal Project, BSL tendered for and was awarded the contract for the Cristal Mining Australia (formerly Bemax Resources) Ginkgo Mine Site overburden removal. Once again this was seen to be a natural progression given the success of the Snapper Project and BSL's ability to continually meet and exceed the implemented targets of the client.

The Ginkgo Mine Operation is different to other projects on site given that it requires material that has previously been mined and backfilled to be removed in order to allow for a second pass at ore which had not been mined on the first pass. To be able move this material, BSL has undertaken in depth risk assessments and implemented site specific safety strategies in order to ensure maximum safety of the work site as well as its employees and other stakeholders who work on and enter this site.

The Ginkgo Mine Operation has implemented many of the same strategies and process that are in place at Snapper. Consequently BSL has been able to achieve at output of 900,000 BCM per month.

The BSL Ginkgo team are committed to ensuring that they provide the best productive outcomes using quality resources and operating in the safest possible manner.

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BASIN SANDS LOGISTICS HAULAGE

Steve Radford and the team at Basin Sands Logistics (BSL) are confident they will continue to strengthen within the industry. BSL envisage expansion and growth on a national level, with foresight and an instinct for the industry. With a commitment to continuous improvement to our clients plus some major developments in quarrying, contract crushing and bulk haulage, BSL will be around for generations to come.

BSL have been hauling Heavy Mineral Concentrate (HMC) for Cristal Mining Australia as their preferred partner since 2006, BSL's role has included:

- Carry out regular road maintenance on the 64km haul road from the Silver City Highway to the Ginkgo Mine Site.
- Load and handle mineral sand concentrate at the mine site.
- Haul 900,000 tonnes per annum of mineral sands 24 hours 7days from the Ginkgo Mine Site to Broken Hill Mineral Separation Plant, a 220km distance.
- Stockpile and handle mineral sands within the Broken Hill Mineral Separation Plant.
- Warehouse and dispatch refined mineral sand product onto bulk rail train.

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CONTRACT MINING

Involved in contract mining for several decades Consolidated have welcomed the opportunity to be associated with some of Australia's leading mining companies, some examples are: C.R.A, North Broken Hill LTD, Minerals Mining & Metallurgy, CSR Ready Mix, Brambles, Western Mining Corporation, Pasminco Mining, Perilya Mining and Cristal Mining Australia. Activities include contract crushing / screening, bulk haulage, load & dispatch bulk trains, open cut mining, underground road works and underground maintenance and service crew activities.

Consolidated are committed to delivering professional quality assured service and have the advantage of a proven track record and an unequalled experience within the region.

CONTRACT CRUSHING, SCREENING & MATERIAL HANDLING

Consolidated have state-of-the-art crushing and screening capabilities. Past Contracts include:

- Brambles & Western Mining Corporation - primary crush & screen 1.2 million tonnes of minus 75mm product at Roxby Downs.
- Pasminco Southern Cross Shaft – primary crush: 1.3 million tonnes of high grade ore, using a portable crushing plant on a 24/7 basis, over a 2 year period.
- Perilya Broken Hill – primary crush high grade ore extracted from decline drives.
- RTA NSW, Central Darling Shire, Wentworth Shire Council, Harden Shire Council & the Cobar Shire Council - primary & secondary crush on site manufacturing road bases.
- Perilya Broken Hill – crush, load and haul 30,000 tonnes of ore from Potosi Mine Site to Perilya Southern Operations

Consolidated can cater for all your crushing requirements whether it be small, on-site parcels on a campaign basis or large contract crushing.

CIVIL EARTHWORKS

Over the years, Consolidated have played a major role in civil earthworks within the outback regions of NSW, SA, QLD and VIC. Consolidated have successfully delivered many civil earthwork projects, such as:

- Major repairs to flood damage rail embankment for Australian National – between Olary & Yunta, SA.
- Access road & car park at Line of Lode, Broken Hill, NSW.
- Construction of 2 km roadway in Mildura for Vic Roads on Ontario Ave.
- Construct earth pads at Elura Mine, Cobar, to receive containerised hazardous waste product.
- Design, form and bitumen seal 1,500-metre airstrip at Tandou Farm south of Broken Hill.
- Carried out civil works for the new Broken Hill Hospital.
- New water filtration plant located at Sunset Strip, Menindee for Australian Inland Energy.
- Carried out all civil works at the Cristal Mining Australia Ginkgo Mine site
- Design and construct 64km new haul road for Cristal Mining Australia.
- Design and construct dual lane bridge for Cristal Mining Australia.
- Survey and construct 1700m airstrip at Ginkgo.
- Tailings Dam Construction at Ginkgo, Snapper, Pasminco, CBH Resources, South Mine (Broken Hill), North Broken Hill Ltd and Perilya Mine Sites
- Civil construction and earthworks at the Heathgate Beverly Iron Removal Plant

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SILVER CITY AIR CHARTER (SCAC)

First established in 1976, Silver City Air Charter (SCAC) has been reinstated to assist in the growing demands of “Fly In, Fly Out (FIFO)” employee services as well as charted and scenic flights and the Australia Post mail run.

Steve Radford has a keen interest in flying which has been developed through his father’sprevious commercial flying undertakings and Steve is a fully qualified pilot.

SCAC currently has 3 pilots operating a fleet of aircraft that consists of a 6 seat Partenavia, a 10 seat Beechcraft King Air, a 6 seat Beechcraft Baron and 2 Piper Cherokee 6 seat aircraft. Our pilots have extensive experience operating in metropolitan, regional and rural areas.

The development of SCAC has greatly assisted in the transport of essential personnel for both the Consolidated Group and clients alike. It also enables management to react and respond to developments on various sites as they occur.

www.silvercityaircharter.com.au

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CONSOLIDATED AVIATION SERVICES

Consolidated Aviation Services (CAS) prides itself for its vision of continued growth and viability, a reputation for excellence and reliability for quality service. All aircraft are maintained to the highest standard to ensure safety for all.

This business is located at the Broken Hill airport to provide maintenance and repair services for Class B piston and turbine powered aircraft up to 5.7 tonnes. A key deliverable of this business is to ensure the availability of aircraft used for Silver City Air Charter.

Currently there are 5 aircraft engineers and 1 apprentice employed. Combined they have 60 years of aviation experience and technical knowledge. It is this experience and knowledge that ensures that all aircraft requirements are met in accordance with legislative requirements.

CAS's client base includes agricultural, recreational, private and commercial businesses as well as private users who are mostly located in Broken Hill and the far west region of NSW. It is intended that the client base will expand to encompass South Australia and Victoria whilst still meeting the service requirements of its existing client base.

AIRBP REFUELLING SERVICES

An AirBP refuelling service is offered at the Broken Hill Airport to provide Jet Fuel or Avgas to commercial and private planes at any time of the day. This is a service that is relied upon by over 65 pilots per month who are remotely located which emphasises the importance of this service in Broken Hill. Our AirBP client base includes the Royal flying Doctor Service, REX Airlines and many graziers from around the area as well as passing traffic.

CONSOLIDATED AVIATION SERVICES

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CONTACT US

18 Kanandah Road
Broken Hill NSW 2880

Phone: (08) 8088 2688

Fax: (08) 8088 5810

Email: consolidated@conmc.net.au

www.conmc.net.au

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